

# FINANCIAL TIMES

## Monetary union

The need to plough ahead on schedule

Europe, Page 14

## CAMPAIN FOR TOBACCO-FREE KIDS



## Tobacco deal

Will Congress buy it?

Page 15



## Foreign Exchange

Spot dealers feel the pinch

Today's survey, separate section



## FT WEEKEND

Put thy trust in Blair?

TOMORROW

World Business Newspaper <http://www.ft.com>

FRIDAY APRIL 18 1997

## Russian budget in deep crisis warns Chubais



Russia was in the throes of a "monstrous" budget crisis which put the very existence of the state in jeopardy, first deputy prime minister Anatoly Chubais (left) said. In the first quarter the government collected only 56.5 per cent of targeted revenues mainly due to non-payment of taxes by Russia's biggest companies. To bring the budget into line with the state's ability to collect revenues, Mr Chubais said at least Rb100,000bn (\$17.4bn) would have to be cut from planned expenditures. Page 16

**Kohl and Yeltsin disagree:** German chancellor Helmut Kohl and Russian president Boris Yeltsin failed to resolve differences over the possible stationing of Nato forces in new members of the western defence alliance. Page 16

**Peugeot-Citroën profits fall 57%:** French car group Peugeot-Citroën reported a worse-than-expected 57 per cent decline in annual profits to FF7,734m (\$126.8m) from FF11,7bn. Chairman Jacques Calvet blamed overcapacity in Europe and a price war. Page 17; Lex, Page 16

**Digital ahead of expectations:** Computer manufacturer Digital Equipment reported higher-than-expected third-quarter net income of \$51m, down from the same period last year but a significant improvement on the previous quarter. Page 17

**Japan's surplus with US rises:** Japan's trade surplus with the US rose for the sixth consecutive month to ¥379.8bn (\$3bn) in March, adding to fears that the weak yen could reignite trade friction between the two countries. Page 8

**Apple may face takeover bid:** Heavy second quarter losses at Apple Computer may pave the way for a takeover bid by an investment group led by Larry Ellison, chairman and chief executive of Oracle, who is believed to have lined up prospective investment partners. Page 17

**N Ireland murder charges:** A man appeared in court in Northern Ireland charged with murdering three British soldiers including Lance Bombardier Stephen Restorick, who was killed with a single bullet in February while manning a checkpoint in the republican stronghold of south Armagh. Page 11

**Mazda and Ford strengthen alliance:** Mazda and Ford strengthened their alliance by agreeing to synchronise a number of production cycles and to share car body platforms and transmissions. Mazda president Henry Wallace said. Page 17

**Okinawa land bill approved:** Japan approved a controversial bill to allow it compulsorily to allocate land to the US military on the southern island of Okinawa, reluctant host to the biggest US bases in south-east Asia. Page 8

**McDonnell Douglas earnings slip:** Earnings at aerospace group McDonnell Douglas, which is due to be merged with Boeing, slipped to 86 cents a share in the first quarter from 98 cents last year, reflecting the company's dependence on military business and fading role in the commercial aircraft market. Page 17

**Vietnam warned of confidence crisis:** Vietnam's government and public sector needs to become more efficient or international confidence could be eroded, the Asian Development Bank warned. Page 18; ADB predicts regional recovery in exports. Page 6

**Debt relief plan at risk:** The joint World Bank-IMF debt relief plan for the world's poorest countries is in danger of collapse, putting the lives of more than 3m children at risk, Oxfam International warned. Page 6

**Former Israeli president dies:** Former Israeli president Chaim Herzog died near Tel Aviv, aged 78. Irish-born Herzog, a former United Nations ambassador, was the country's president for 10 years until 1993 when he was succeeded by President Ezer Weizman. Obituary. Page 6

**FT.com:** The FT web site provides online news, comment and analysis at <http://www.ft.com>

STOCK MARKET INDICES		GOLD	
New York Composite	5707.17 (+27.30)	New York Gold	342.1 (\$41.1)
Dow Jones Ind. Av.	5707.17 (+27.30)	London Gold	343.05 (\$40.35)
NASDAQ Composite	1223.06 (+12.78)		
Europe and Far East			
FTSE 100	2815.16 (+5.70)		
DAX	3393.25 (+20.00)		
FTSE 100	2815.16 (+5.70)		
Nikkei	10,053.41 (+62.21)		
US LUNTIME RATES		DOLLAR	
Federal Funds	5.25%	New York Composite	1,630.05
3-month Treas. Bids	5.25%	DM	1.7215
Long Bond	5.41%	FF	5.7945
Yield	7.06%	Sfr	1.4055
		Y	125.83
OTHER RATES		London	1,6280 (1.6221)
UK 3-mo interbank	5.25%	FF	1.7257 (1.7285)
UK 10 yr Gilt	5.81%	FF	5.8075 (5.8121)
France 10 yr Gilt	5.81%	Sfr	1.4171 (1.4177)
Germany 10 yr Bund	5.81%	Y	125.87 (125.8)
Japan 10 yr JGB	5.81%	Tokyo close	Y 125.8
NORTH SEA OIL (Argus)			
Brent Dated	\$17.185 (17.295)		
STERLING			

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## Netanyahu vows to stay

Setback for peace talks as Israel awaits decision on charging PM

By Judy Dempsey in Jerusalem

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday vowed to stay in power in spite of recommendations by the police that he should be indicted for breach of trust in a corruption scandal.

Allegations of a conspiracy over the appointment of Mr Roni Bar-On as attorney-general have rocked the stability of the government and further set back the Middle East peace process. Mr Bar-On resigned a day after taking office in January.

Addressing a Likud rally in Tel Aviv, Mr Netanyahu told his supporters he was convinced "the truth will win. The government is not going anywhere. We are staying where the people and history put us." He promised he would lead Likud into victory again in elections due in 2000.

Mr Shimon Peres, leader of the opposition Labour party, called for new elections.

The mood among Likud supporters was subdued as the government awaits the decision by Mrs Edna Arbel, the state attorney, on whether to indict Mr Netanyahu and three of his associates, Mr Avigdor Lieberman, head of the prime minister's office, Mr Tzahi



Israeli prime minister Benjamin Netanyahu tells supporters in Tel Aviv yesterday that he has no plans to resign

Hanegbi, the justice minister, and Mr Aryeh Deri, leader of the Shas ultra-Orthodox party. Mrs Arbel is expected to make her decision this week after reading the 996-page police report on Mr Bar-On's appointment. It centres on Mr Deri, who allegedly backed Mr Bar-On's appointment in return for a plea bargain for a

separate corruption charge he faces, and for apparently supporting the Israeli troop withdrawal from the West Bank town of Hebron.

Mr Netanyahu's attempts to rally the party did not reassure diplomats involved in the peace process or the markets. Mr Dennis Ross, the US Mid-

dle East peace envoy, yesterday met Mr Netanyahu and Mr Yitzhak Mordechai, the defence minister, and was planning to meet Mr Yasser Arafat, president of the Palestinian Authority, last night. But diplomats said the scandal would delay attempts to re-instate the peace process. There was also concern

among Palestinians and diplomats that Mr Netanyahu would adopt a much tougher line to try to win back support from his coalition partners. Several of the parties met

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Nervous wait, Page 4  
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## BT wins landmark competition case

By Alan Cane in London

British Telecommunications yesterday claimed victory in a landmark court case in Germany which could have profound implications for the future of competition in Europe's telecom markets.

The Düsseldorf High Court yesterday ruled that Global One, a strategic alliance between Deutsche Telekom, France Telecom and Sprint of the US, had been in breach of European competition rules because it had started trading before meeting conditions imposed on it by the European Commission.

The court said Deutsche Telekom, which distributes Global One's services in Germany, was liable for costs and damages. The damages could

## German court rules against Global One

amount to "tens of millions of pounds" - the court will determine the sum separately after an investigation of Global One's business activities.

The alliance, which offers international services to multinational companies, was obliged to seek approval from the Commission because both Deutsche Telekom and France Telecom operate in closed markets. It agreed to begin trading when two or more licences had been issued to competitors in each country.

In fact, Global One admitted it began trading several months before meeting the Commission's conditions. Deutsche Telekom said yes-

terday the court's decision was not final and that the extent of the damages had not been set. It is considering an appeal.

The case had been brought by BT and its German partner, the industrial group Viag. Their action was one of the first in which a national operator has sued another for anti-competitive practices.

The ruling should go some way towards reassuring investors who are worried that regulation in Europe's liberalising telecom markets will favour incumbents at the expense of rival operators. Mr Tim Cowen, BT's head of European law, said yesterday: "It is important to preserve a

level playing field. We want to compete, and compete fairly but will take action to safeguard our interests wherever necessary."

Mr Lutz Meyer-Scheel, managing director of Viag Interkom, the joint venture between BT and Viag, said: "If Global One had been allowed to proceed in breach of the

Commission's conditions, it would have gained an illegal advantage at a time when the market is at a critical stage of development."

The court's ruling will come as an embarrassment to Global One, which ended 1996 with annualised revenues of \$800m but greater losses than expected. Its chief competitors are Concert, the alliance between BT and MCI of the US and WorldPartners, the alliance led by AT&T of the US.

## Anglo American offers to cut stake in Lonrho

By Emma Tucker in Brussels

Anglo American Corporation, South Africa's biggest company, has offered to reduce its 28 per cent shareholding in Lonrho - raised from just under 10 per cent last October - to less than 10 per cent.

This is being seen as a capitulation to the European Commission's view that the larger stake would create excessive concentration in the global production of platinum.

The surprise move should allow the EU's anti-trust authorities to give the deal the go-ahead. Mr Karel Van Miert, the competition commissioner, is expected to give his formal approval next Wednesday.

"This commitment will allow the Commission to say yes," said an official last night. "There is no problem."

Anglo's last-minute move comes just days before a five-month inquiry into the mining house's £360m purchase of a stake in Lonrho was due to

end. "Anglo maintained quite a hard position right up until the end," said a Commission official. "But when they saw that the Commission did not blink they realised they had to change their offer."

Anglo, which made no comment yesterday, has always made clear that its main reason for buying the Lonrho holding was to get closer to Ashanti Goldfields of Ghana, in which Lonrho has a 31 per cent stake.

Mr Van Miert had signalled his opposition to the deal from the start of the inquiry, arguing that the 28 per cent stake was incompatible with EU anti-trust regulations.

Last week an advisory committee of EU national experts said that as Anglo was already the dominant global platinum producer, controlling about 86 per cent of the output, it should not be permitted to add Lonrho's platinum division to this.

Platinum is an essential material in many catalysts, including those used by the motor and chemical industries and the Brussels authorities feared Anglo would have been able to dictate the price of platinum for European manufacturers of products such as catalytic converters and jewellery.

Under the terms of the deal, Anglo will divest all but 9 per cent of its shares in Lonrho. The rest will be put in the hands of a trustee which will have to be approved by the Commission.

The trustee will have two years to sell the shares to companies which are independent of the Anglo American group. Anglo bought the bulk of its Lonrho shares at 185p. They closed last night at 185p.

Last night EU officials indicated the reduction in the stake to less than 10 per cent allowed Commission fears that Anglo was taking de facto control of Lonrho.

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## NEWS: EUROPE

# Romania to slash state subsidies

By Anatol Llieven  
in Budapest

The Romanian parliament yesterday passed an austere budget slashing industrial and farming subsidies and said it would auction or close 10 loss-making plants.

The centre-right government plans to reduce the budget deficit from 5.7 per cent of GDP last year to 4.5 per cent in 1997. This would still be well above last year's International Monetary Fund target of 2.2 per cent of GDP. But the Fund is expected to welcome the new government's determined change of direction, after the spending spree by the last Romanian administration before last November's elections.

One western analyst said: "They're doing their best, and that has to be recognised."

Former communist opposition deputies predictably attacked what they called a "recessionary budget", and there have been rumours of discontent from labour organisations.

The need to reduce sharply government credits to industrial and agricultural enterprises was emphasised by Mr Poul Thomsen, IMF vice-president, during his visit to Romania last week.

Romanian National Bank analysts have estimated that if the debts and arrears of state-owned companies were to be added to the budget deficit, this would rise to 12

per cent of GDP.

The 10 major loss-making state-owned plants to be "administratively liquidated" account for around 7.5 per cent of the total commercial losses in Romania. The enterprises will be auctioned, and those which fail to find buyers would wind up. Twenty state animal farms will also be wound up or sold.

The initial government list for liquidation was published last week, but then, in a rather chaotic episode, withdrawn after protests from some of the companies involved, which declared that this was the responsibility of the State Ownership Fund (SOF). In response, the government this week brought SOF under its direct control.

The new list omits two of the companies on the original list, notably the Tomix textile plant, which was in fact privatised several weeks ago, and adds two smaller ones, a brewery and a greenhouse enterprise. However, it still includes two of Romania's largest oil refineries, Petromidia on the Black Sea Coast and Darnaesti in the eastern town of Bacau.

The closure of these plants will be politically sensitive. Not merely are they national prestige symbols from the Ceausescu era, but Darnaesti is the only major employer in its region. SOF is reported to have been discussing selling part of Petromidia to Daewoo,



An Italian paratrooper in Vlore yesterday preparing for deployment of Greek forces

## Colonels meet rebel leaders in Albanian port of Vlore

### Wary welcome for Italian troops

By Guy Dinmore in Vlore

"We all want the Italians," said a boy on the quayside watching an Italian mine-sweeper patrolling the entrance to the Albanian port of Vlore. Behind him stood the looted remains of Vlore's customs house and streets littered with wrecked cars and piles of rubbish.

An Italian-led eight-nation European force of 6,000 troops began arriving by sea and air this week to help secure aid convoys - but they have so far confined themselves to central and northern Albania which is under government control. Yesterday a small force of

Italian troops inspected the rebel-held southern port of Vlore and met rebel leaders. Greek and Italian forces plan to land there soon.

Italian forces had feared a difficult reception in Vlore after an Italian warship hit and sank a boat of Albanian refugees fleeing across the Adriatic. But yesterday the only blood being shed was that of sheep - slaughtered at the roadside by farmers ahead of today's Muslim Bairam festival.

Vlore, Albania's second largest port, has been under rebel control since February when a mass insurrection erupted against the president following the collapse

of fraudulent pyramid schemes in which many Albanians lost their life savings. Mr Ekeren Osmani, who calls himself defence commander of the rebel committee of public salvation, said he assured the two Italian colonels of his full support. "We promised them that not only the people of Vlore would welcome them but that the committee would help them in any way," said Mr Osmani, a former army officer sacked by the president.

However, not all residents were so welcoming. "It's better to have Japanese soldiers," said a man with a Kalashnikov rifle guarding

the rebel headquarters. "The Italians have robbed us for centuries."

Asked what he would do if an Italian soldier tried to disarm him, he replied: "I would skin him alive and his mother would cry for him in Italy."

Mr Sezen Malej, a 50-year-old unemployed teacher, said he supported the rebel committee but believed Albania was making a tragic mistake by allowing in foreign forces.

"Historically, the ruling class of Albania has regularly asked for foreign support from abroad. After they came, they wanted to conquer Albania."

# UBS comes clean on gift to Holocaust fund

By William Hall in Zurich

Union Bank of Switzerland, the most powerful Swiss bank, admitted yesterday that concerns about the future of its important US business were one reason it had contributed Sfr33m (\$22.4m) to the Sfr265m humanitarian fund being set up for needy victims of the Holocaust.

Mr Robert Studer, UBS chairman, told the bank's annual meeting that while its contribution to the humanitarian fund was justifiable on moral grounds, it was also "strongly motivated by our business activities in the US, which are important for the overall performance of the UBS".

The high three Swiss banks all face multi-billion dollar class actions in the US, accusing them of profiting from the unclaimed bank accounts of Holocaust victims. In addition, the Swiss banks are increasingly worried about possible boycotts of their US businesses.

It has been widely assumed that the humanitarian fund, which was founded with a Sfr100m contribution from the three Swiss banks, was set up to defuse the mounting pressure in the US. However, UBS is the first big Swiss bank to be quite so honest about its intentions in participating in the fund.

Mr Studer said that political initiatives were being launched in a number of US

states to prohibit public agencies from dealing with Swiss banks and other Swiss companies. Mr Mathis Caballavetta, UBS's chief executive, said that although UBS had held intensive discussions with its Jewish clients it was still encountering a strong groundswell of opinion among its clients and the authorities in the US.

Mr Studer incensed Jewish leaders last year by referring to estimates of the size of the money in the dormant accounts of Holocaust victims as "peanuts". He has also been accused of being less than enthusiastic about the establishment of the fund. However, he went out of his way yesterday to stress his commitment to the fund and said that the only difference of opinion had been over timing.

Meanwhile, the Swiss government is concerned at the delays in appointing the fund's seven-strong executive. It had hoped to get agreement on the Jewish representatives this week. However, Jewish leaders have yet to agree on the three members they want to propose.

In a bid to speed up the process, the Swiss government announced on Wednesday evening that Mr Rolf Bloch, president of the Swiss Federation of Jewish Communities, had been appointed president of the fund, along with three former Swiss politicians - Mr Bernard Ziegler, Mr Josi Meier and Mr René Bacher - drawn from the three main political parties.

# Bitter-sweet division over Turkey's troubled economy

The Islamic government's unconventional policies are making orthodox economists writhe, reports John Barham

The International Monetary Fund's prescription for Turkey's troubled economy is a "bitter remedy", says Mr Necmettin Erbakan, the Islamist prime minister.

He prefers his own patent "sweet remedies" - but so far they have yet to work.

In December Mr Erbakan announced Turkey's first balanced budget. On Monday the treasury announced a \$3.46bn deficit for the first quarter. Mr Erbakan, on pilgrimage to Mecca, said nothing.

Economists have warned that the outlook for the economy is little better than last year's poor performance. Increased government spending boosted the economy by 7.9 per cent last year, doubling the deficit budget deficit to 8.9 per cent and holding inflation at 80 per cent.

Instead of standing on the brakes, Mr Erbakan opted for headlong expansion. He said "our target is to make our country the world's fastest developing country".

The growth rate will be 14 per cent not 4 per cent (as planned). Inflation will fall below 10 per cent. The Turkish lira will become a hard currency. In this way we will create a strong Turkey. This would be achieved, not through "the bitter remedies" Latin America and Israel used" but by more "sweet remedies".

There would be no retrenchment. Instead, he decided that anybody could import a used car free of taxes and duties if they

## Turkey: balancing the budget



deposited DM50,000 (\$29,000) for a year at state-owned Ziraat Bankasi which would also pay 10 per cent interest.

Mr Erbakan said this "created a resource of \$1.5bn". Mr Erbakan offered the 3m-odd Turkish workers in Europe the right to draw state pensions in Turkey if they paid the government's pension fund a \$12,500 lump sum and waited three years before claiming. Mr Erbakan expects to raise \$5bn with this scheme, which would earn "the treasury a profit of \$1bn and (allow) this money to be used by the treasury for three years".

Not all the government's ideas are unconventional. It revived the moribund privatisation programme by selling nearly \$900m-worth of small state companies between January and March. However, political deadlock could frustrate plans to raise billions through selling the telephone operator, industrial companies and power plants.

Although his policies make orthodox economists writhe, Mr Erbakan has

brought in enough cash to avoid the immediate funding crunch many experts had predicted for the fourth quarter of 1996 or the first quarter of this year. Mr Erbakan claims his succession of packages raised \$10.12bn, although most economists say this figure is greatly exaggerated.

Mr Erbakan says this helped slash real interest rates to 15 per cent - which are anathema to him as a strict Moslem as well as a considerable burden on the treasury. Last year the treasury paid average real interest rates of 32 per cent a year on its local-currency debt which hit almost \$30bn by last December.

Nevertheless, high interest rates have pulled in short-term capital, swelling the central bank's reserves of \$17bn and providing it with ammunition to defend the currency.

Economists doubt Mr Erbakan's luck will last. Interest rates only fell because acute political uncertainty waned with the formation of his Islamist-led

coalition last summer. Rates moved up sharply following confrontation with the secularist military in February. Seasonal factors and heavy debt repayment schedules are likely to force rates up again in the autumn.

Excessive growth is less a symptom of dynamism than of reckless government policies. An investment banker says: "How can the economy be better if inflation is still 80 per cent and the budget deficit is so big?" He says Mr Erbakan's "resource packages" are really disguised loans, not structural reforms that could produce stable growth. Instead, the government is postponing the unavoidable "hitter remedies".

Better tax collection would help control the budget deficit: the unregistered economy is equivalent to about half of gross domestic product. The state pension system, which could post a \$2.7bn deficit in 1997, needs radical reform. Aggressive privatisation, deregulation and destruction of monopolies would further streamline the economy.

These are some of the policies the International Monetary Fund is urging on the government. Mr Erbakan has been able to ignore the Fund's advice because, so far, a vigorous private sector has generated plenty of hard currency. Like his recent predecessors Mr Erbakan is relying on private companies to deliver growth and help Turkey survive in an environment where uncertainty is the only certainty.

## EUROPEAN NEWS DIGEST

## Space official to move jobs

The administrative board of Europe's ArianeSpace last night named Mr Jean-Marie Luton as the next chairman of the ArianeSpace Participation holding company. But it postponed until next month a decision on the future head of ArianeSpace SA, the satellite launching organisation's industrial and commercial operating company.

The move is thought to reflect tension over the French government's desire for Mr Luton, director-general of the European Space Agency, to take over from Mr Charles Bigot as chairman of ArianeSpace, a French-based 53-company consortium. Its choice sparked an argument with European aerospace executives after Mr Francis Avanzi, who had been due to take over the job in July, but was told last month he would not now do so.

A statement yesterday said the board had recognised Mr Avanzi's suitability to be chairman. Mr Francis Fillon, space minister, said he wanted Mr Avanzi to stay at ArianeSpace.

## CompuServe rejects charges

CompuServe, the US-based Internet and consumer online service, said yesterday that it would "vigorously" oppose pornography charges filed against the general manager of its German operations.

The company said the charge was "entirely groundless" adding that it believed Mr Felix Sorn, general manager of CompuServe's Munich office, would be vindicated. German prosecutors disclosed on Wednesday that they had indicted Mr Sorn on charges related to the distribution of child pornography over the Internet. The case, which is being closely watched throughout the worldwide Internet industry, stems from an investigation begun in 1995 by the German authorities which forced CompuServe to shut down more than 300 Internet newsgroups which were suspected of carrying pornographic material.

Germany's Internet industry said it expected more indictments to follow in a move which traditionalists fear marks the start of an attempt to impose content legislation on "cyberspace".

## Greek-Turk talks on cards

Mr Costas Simitis, Greek prime minister, held urgent meetings with his senior ministers yesterday to discuss a European Union initiative for starting a dialogue with Turkey, according to government officials. They said Athens and Ankara were close to agreeing the establishment of a committee of experts from each side to discuss ways of tackling differences, including territorial feuds in the Aegean Sea.

It is the first time the two rivals have considered talking since January last year when they came close to war over rights of two uninhabited islets in the eastern Aegean.

The sudden rapprochement was the result of a meeting in Malta this week between Mr George Papandreu, the alternate foreign minister, and his Turkish counterpart, Mr Onur Oymen, at which the EU initiative was put forward.

## Poorer prospects for refugees

War refugees and asylum seekers in Germany will have the social welfare payments they receive cut by 20 per cent under a proposed agreement between the Bonn coalition parties and the Social Democrat opposition, parliamentary party officials said yesterday.

The expected annual saving of some DM400m (\$235m) would be partly offset with an annual contribution by the Länder (regional states) of DM200m toward the cost of building homes for Bosnian refugees before sent back.

The compromise deal would modify a bill passed by the Bundestag (lower house of parliament) but rejected by the Bundesrat (the second chamber representing the states) last year. It still has to be approved by the Länder.

The cuts would hit above all estimated 300,000 war refugees in Germany, mainly from the former Yugoslavia who have hitherto received welfare payments on the same basis as Germans. Asylum seekers have already had their welfare payments cut by 30 per cent for the first year of their stay.

## Chernobyl waste plant plan

A waste treatment plant is to be built inside the exclusion zone around the Chernobyl nuclear power station, an official of Ukraine's emergency situations ministry said yesterday. It will treat nuclear waste from within the zone, including that remaining inside Reactor 4, which exploded in April 1986.

The plant is expected to cost some \$77m, towards which the Ukrainian government has earmarked some \$15m from the budget, the official said. Help with financing is likely to be sought from the international community. A delegation of 20 experts from the Group of Seven industrialised nations is expected next week to review problems associated with Reactor 4.

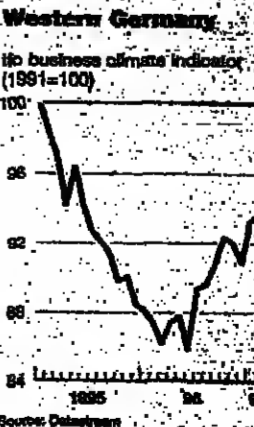
## Slovaks target trade deficit

The Slovak government is preparing a series of measures to narrow the country's widening trade deficit, Mr Jan Foltin, deputy economics minister, said yesterday. Short-term moves would include changes in the policy for extending state guarantees for loans. "At present, almost every government loan guarantees goes to cover imports. . . the guarantees will now also go to export loans." Medium-term measures would aim to limit import of goods also produced in Slovakia and to give protection against subsidised imports. The trade deficit was \$10.6bn (\$32.2m) in the first two months, against \$13.2bn in the same period last year.

## ECONOMIC WATCH

## Business index falters

Western Germany



A closely watched leading indicator of German economic conditions faltered in March, but not sufficiently to damp down hopes of a continuing recovery. The Munich based Ifo economic research institute said its business climate index for western Germany dropped to 92.4 last month from 93.6 in February, confounding market speculation about a strong rise. But the consensus among analysts was that the net increase from December's 90.9 level pointed to further growth.

Optimism was constrained, however, by a federal statistics office report of 2,482 insolvencies in January, up 5.9 per cent from January 1996. Preliminary figures also showed a sharp 5 per cent drop in the value of retail turnover in February compared with the same month last year and a 6 per cent volume decline. Sales, adjusted for seasonal and calendar variations, fell in value by 0.2 per cent between January and February but rose by 0.2 per cent in real terms.

The German federation of industry yesterday said high unemployment and a lack of public funds meant there was no sign of a broad-based recovery despite strong exports and a revival of investment. Peter Norrmann, Bonn

## Sceptics expose 'unbiased' single currency campaigner in pay of Brussels

### Austria's Emu spokesman resigns

By Eric Frey in Vienna

The Austrian government's attempts to convince a sceptical public of the advantages of European economic and monetary union suffered a severe setback yesterday when the chief spokesman for its Emu campaign resigned after it was revealed he had signed an agreement with the European Commission to promote its views.

The finance minister appointed Mr Gustav Raab, the former chairman of the association of savings banks, as the chief spokesman of its Sch40m (\$3.3m) information

campaign on April 1, promising that he would give balanced information on the advantages and drawbacks of Emu and not be a mouthpiece for EU propaganda.

This followed a backlash against the governing parties in recent elections partly because many Austrians felt the government had given one-sided information and excessive promises before the referendum on membership in June 1994.

But on Tuesday, the Austrian daily Salzburger Nachrichten reported that Mr Raab was among 14 economists and bankers in Austria who joined the Commis-

sion's "Groupeuro" speaker's programme and committed themselves to present only the EU's point of view in public speeches. In return, the Commission promised better access to information on the Emu and a fee of Ecu300 (\$342) for each appearance.

Mr Raab said he did not give a single speech and cancelled the contract before taking on his new post. However, the Commission said the letter never arrived.

Mr Raab insisted that he did nothing wrong but added that "objective and credible information for the public is so important that it should

not be compromised by debate about my person".

The finance ministry said it would appoint a successor in the next few days. The far-right Freedom party and the Greens, which both oppose the euro, urged the government to cancel its whole campaign.

Amid the storm over Mr Raab's contract, the Austrian trade union association OGB cancelled its participation in the PR campaign and its president Mr Franz Verzetitsch warned unions might turn against Emu if the government failed to combat unemployment.

As several of Austria's

best known economists signed the "Groupeuro" contract, it could also undermine their credibility in the public debate on the Emu. Across Europe, there are 180 economists and bankers under contract. Critics say the agreement is legitimate but its wording makes it appear as if participants are no longer allowed to present their personal views.

Austria is likely to be in the first round of Emu membership, but public support is far from sure. In the latest survey, 39 per cent leaned against the euro and only 15 per cent were in favour. The remainder were undecided.

## Moscow's electricity supplier drops plan to limit shareholders' rights

## Mosenergo forced to give way

By Chrystia Freeland in Moscow

Russian reformers and foreign investors scored an important victory yesterday with the decision by Mosenergo, a prominent utility company, to abandon plans to limit shareholder rights.

The move, which followed intense pressure from foreign investors and the new, market-oriented cabinet, was welcomed as a sign that President Boris Yeltsin's recently appointed team has the will and the authority to defend private investors.

Mosenergo, with supplies Moscow's electricity, took its

decision at a board meeting yesterday under the influence of the new, progressive management of United Energy Systems (UES), the national electricity monopoly which is its biggest shareholder.

According to a company statement, "the board of directors took the decision to drop from discussion and voting... questions of limiting voting rights of shareholders with stakes larger than 1 per cent and also the question of authorising a new share issue". The vote was reportedly unanimous.

Mr Boris Brevnov, the new vice president of UES, who

played a key role in the affair, welcomed Mosenergo's about-face, describing it as an important sign that the new government was serious about restructuring Russia's moribund natural monopolies.

"Everything went well today. We won," Mr Brevnov said. "I think this is a good sign that Russian companies, even big ones, have begun to listen to the voice of investors. This is also a sign that we [the new government team] are not just making promises but are able to act on them."

Investors were delighted by the news, immediately

pushing the Mosenergo share price up to \$1.28 from Wednesday's close of \$1.24.

"I think this is really positive because it shows the new guys are really in charge," said Ms Julie Quist, utilities analyst at MC Securities. "It is a complete surrender [by Mosenergo] and it is really good because it shows that the new government takes foreign investors seriously."

Analysts gave particular credit for Mosenergo's change of heart to the European Bank for Reconstruction and Development, which threatened to cancel a planned loan of around

\$100m if the company went ahead with its plans to restrict the power of outside shareholders.

Mosenergo's decision is expected to set an important precedent for the country's other regional electricity companies, where similar efforts to limit shareholder rights had been planned.

More broadly, the turnaround suggests that Mr Boris Nemtsov, the first deputy prime minister, and Mr Brevnov, his first lieutenant, may be developing the political muscle they will need to push through their wider proposals to restructure the energy sector.



Pointing the way: Bundesbank chief Hans Tietmeyer yesterday made clear whom he favours to head the planned European central bank

## Poles put off buying new fighters

By Christopher Bobinski in Warsaw

Poland has decided to put off decisions on purchasing new fighter aircraft for at least five years, according to Mr Stanislaw Dobrzanski, the defence minister. He made the announcement when putting forward plans for cuts in the armed forces to help pay for new equipment. Nato is expected in July to invite Poland and other central European countries to join the alliance.

Under the minister's proposals, which have yet to be approved by the government, the armed forces would be reduced from their present

strength of 230,000 to 180,000 in 2004. Command structures would also be streamlined and garrisons closed to save money.

The draft plan follows the sacking last month of General Tadeusz Wilecki, the Polish chief of staff, who fiercely opposed personnel cuts and was openly dismissive of civilian control of the armed forces. His replacement by General Henryk Szumski was greeted with relief by Nato, regarding the move as helping Poland's drive to join the alliance.

However, the decision to postpone a decision on buying 100 fighters to replace the Russian MiG-21s flown by the air force will disappoint for-

ign companies bidding for the contract. These include British Aerospace which is seeking to sell the Grippen made by Saab, with which it has a marketing agreement, to central Europe's Nato aspirants. Other bidders include Lockheed Martin and McDonnell Douglas of the US and Dassault of France.

Poland is focusing its procurement policies on enabling its armed forces to work alongside Nato troops and is introducing modern command and communications systems. This year's defence budget, at 7.2bn zlotys (\$2.4bn) is 7 per cent up in real terms on last year's spending plans. However, a mere

467m zlotys are to be spent on military equipment this year.

The government is expected to decide soon on an avionics system for its new Ruzar combat helicopter, as well as a missile with which to arm the aircraft. Boeing is pushing hard for Poland to buy its flight systems and would like to see the Poles purchase its missiles as well.

However, Warsaw is torn between this offer, which carries with it US goodwill needed in Poland's efforts to join Nato, and an earlier commitment to buy missiles from Elbit of Israel. Rockwell from the US is also in the bidding.

## French ambitions for top bank job resisted

By Andrew Fisher in Frankfurt

Mr Hans Tietmeyer, president of the Bundesbank, yesterday countered efforts by France to promote its candidate for president of the planned European central bank by making clear his preference for Mr Wim Duisenberg, head of the Dutch central bank.

Mr Duisenberg, generally regarded as first choice to run the ECB, will shortly succeed Mr Alexandre Lamfalussy as president of the European Monetary Institute, its forerunner. "If the Emi president has done a good job, then he is at least a candidate," Mr Tietmeyer said, referring to Mr Duisenberg. "There should be no doubt over this - unless he has said he is not a candidate and he has certainly not said that," he said.

Mr Tietmeyer said the question of the ECB presidency did not need to be discussed yet and the choice would be made next year. He was not aware of any political deals. The ECB will start work when European monetary union begins.

Some German newspapers

have reported that France wants Mr Michel Camdessus, managing director of the International Monetary Fund, as the ECB's first president. France would in turn support a German candidate for the IMF.

But in Washington an IMF spokesman said yesterday Mr Camdessus "intends to serve" his full five-year term, which began in January.

Mr Tietmeyer's comments reinforce German support for Mr Duisenberg, whose views on the need for monetary stability are close to those of the Bundesbank and the Bonn government. Some French politicians have reservations about a fully independent ECB and believe appointing a Frenchman could enable them to exert more political influence.

Asked how strictly the entry criteria for Emu should be applied, Mr Tietmeyer took a pragmatic line by saying this should be done "strictly but realistically", in assessing member countries' success in controlling their budgets, he said the stipulation that deficits should not exceed 3 per cent of gross domestic product

was important but not the only factor.

Also to be considered were the sustainability of countries' fiscal performance, judged on the basis of both past policy actions and the likely impact of current measures on future budget trends.

Discussing the German economy, Mr Tietmeyer said this was now in a phase of stronger non-inflationary growth. But he urged the government to press ahead with much-needed structural and economic reforms to stimulate capital investment.

He also said the German central bank did not want a further weakening of the D-Mark after its retreat from the high levels of 1995. "We want the D-Mark to remain a strong currency," he said, thus rejecting the arguments of some economists who say the bank is aiming at a soft D-Mark ahead of Emu to help growth by further stimulating exports.

The Bundesbank also announced a net profit last year of DM9.4bn (\$5.46bn), down from DM10.9bn, most of which has been transferred to the government.

## Bonn to reform apprenticeship system

By Ralph Atkins

The German government is to reform the country's much prized but increasingly stretched apprenticeship system.

It plans measures to make the training more relevant and to extend it into new subjects and businesses.

The package, approved this week by the cabinet, comes amid fears that the German "dual system" of on-the-job and college-based training for those over 16 years old is failing to adapt

fast enough to changes in the workplace and the world economy.

Mr Jürgen Rüttgers, education minister, said the government remained committed to a "proven" system and that the technical colleges provided a continuing guarantee of standards. But he said training had to become more flexible and "business friendly", building on the recent extension of formal training schemes into new fields such as multimedia.

There are about 1.6m training places, but there is

no compulsion to provide places and the system often relies on businesses' sense of duty to local communities.

Yesterday, Mr Rüttgers launched a campaign to ensure sufficient training places were available this year, saying the country was still some way off creating the 13,000 extra places needed. Demand in eastern Germany was particularly pressing, he said.

"We want to anchor more firmly in the public consciousness the idea of apprenticeship training pro-

viding for the future competitiveness of Germany," Mr Rüttgers said.

The education minister said a priority was to increase the number of training places in businesses run by self-employed foreigners - such as restaurants - who had little experience of the system but whose numbers had grown rapidly since the 1980s.

Typically, vocational training lasts three years, but under yesterday's proposals there could be shorter courses, particularly for stu-

dents who find difficulties with theoretical parts of examinations. For those who failed, exams, the education ministry suggested, industry organisations arranging the training should provide a certificate showing which parts of a course had been successfully completed.

Mr Rüttgers said other students would want additional training - including language training. Courses could become attractive to businesses by cutting down the amount of time spent in commercial colleges.

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## NEWS: THE AMERICAS

Announcement suggests hopes of widespread reform are likely to be disappointed

## Hardline Cuba sets date for congress

By Pascal Fletcher in Havana

Cuba's Communist party has announced that it will hold a congress this year, making it clear that there will be no weakening of Cuba's identity as one of the last one-party communist states in the world.

The word "reform", whether in the political or the economic sense, was conspicuous by its absence in Wednesday night's formal announcement. The declaration, presented by two of the party's sternest hardliners, said the policy-making assembly would be held from October 8 to 10.

It offered no clear indication that the Cuban leadership intended to speed up or widen the cautious,

limited economic reforms it has introduced over the last three years. On the political front, the party resolutely declared its intention to maintain Cuba's single party political system.

"Socialism will remain in this land," Cuba's defence minister, General Raúl Castro, brother of President Fidel Castro and number two in the party hierarchy, told a mass rally in the city of Santa Clara. President Castro was at the rally but did not speak.

The formal declaration, read by Mr José Ramón Machado Ventura, a politburo member, was even more explicit. "The fifth congress will reaffirm the ideological principles on which the Cuban revolutionary process is based, the ir-

replaceable role of the single party of the Cuban nation and the political system that we have creatively forged throughout our history since 1968".

October 8 will be the 30th anniversary of the death in the Bolivian jungle of Ernesto "Che" Guevara, the Argentine guerrilla fighter who is one of the icons of the 1959 Cuban revolution.

Besides defining national policies, Cuban party congresses, normally held every five years, also hold leadership elections. The last congress was held in October 1991, when the disintegration of the former Soviet bloc in Europe was already in progress. This triggered a deep economic recession from which the island is still struggling

to recover, now partly helped by foreign investment and tourism, but still squeezed by a tightened US economic embargo.

Cuba is facing increasing calls from abroad to move towards multi-party democracy and a market economy. But Mr Raúl Castro and Mr Machado both rejected as "repugnant" a recent US government report, part of the one-year-old US Helms-Burton law, which predicted Cuba could receive millions of dollars of international aid and investment if it embraced multi-party democracy.

The party document referred to the economic reform measures of the last few years as "necessary economic transformations". These have included the legalisation of

hard currency use, increased opening to foreign investment and tourism and limited private, self-employment.

Without promising such steps would be increased, the document urged the party to step up an ideological campaign to counter what it called "negative phenomena like selfishness, mercantilist psychology, the desire for material gain, consumerism and the loss of revolutionary ethical values".

But the party did stress the importance of trying to make the economy more efficient. It mentioned priority tasks such as boosting food production, achieving the best possible sugar harvest, cutting costs, saving energy, substituting imports and introducing taxes.

## AMERICAN NEWS DIGEST

## Brazil to act over landless

The Brazilian government offered yesterday to accelerate its land reform programme as thousands of activists from the Landless Movement (MST) descended on the capital, Brasília, to protest about the country's unequal land distribution.

Organisers estimated 50,000 people would turn out for a demonstration which they claimed would be the biggest protest yet against the two-year-old government of President Fernando Henrique Cardoso. The rally is the culmination of a two-month and 750km-long protest march by MST members from São Paulo to Brasília and coincided with the first anniversary of the murder of 19 rural workers by police in the northern state of Pará. Mr Cardoso will present the government's proposals to leaders of the MST today. They are expected to include a new credit system for loans to recently settled families. Mr Raúl Jungmann, land reform minister, announced the government had acquired 18,900 hectares of land which would be used to settle nearly 700 families. The government has set a target of resettling 200,000 families in its four-year term.

Geoff Dyer, São Paulo

## Tobacco adverts banned

The Canadian Senate has passed a bill banning television, radio and billboard advertisements of tobacco products throughout Canada. The bill, approved last month by the House of Commons, also restricts cigarette advertising in sports, cultural and artistic events to only 10 per cent of available billboard space, and bans it altogether on racing cars and their drivers. Cigarette vending machines are also outlawed under the measure, which calls for stiff fines and prison sentences for offenders. Governor General Romeo LeBlanc is expected to sign the bill into law by next week. A tougher bill on cigarette advertising was ruled unconstitutional by the Supreme Court two years ago.

AFP, Ottawa

## Flight probe burden grows

The lengthy investigation of the explosion of TWA Flight 800 is imposing a heavy financial burden on the National Transportation Safety Board. Mr Jim Hall, chairman of the board, expects to spend \$28.8m on the inquiry, the "most costly and complex in the safety board's history". The New York-to-Paris flight exploded off Long Island last July, killing all 230 people aboard. While investigators have concluded that the blast occurred in the centre fuel tank of the Boeing 747, they are still investigating whether this was caused by an accident, a bomb or a missile. The NTSB is asking for an extra \$20.5m in 1997 because of the costs of this crash.

AP, Washington

## US security fears

Precautions are being taken in federal buildings in the US in the run-up to tomorrow's twin anniversaries of Waco and Oklahoma City. The Justice Department has ordered that Venetian blinds be drawn behind windows that face the street to lessen injury in case of flying glass. The FBI has sent a reminder to agencies about the April 19 date and its history.

In 1993 some 80 people died after the compound of the Branch Davidian religious cult near Waco, Texas, was burned to the ground during an assault by the FBI and in 1995 168 died in a bombing in Oklahoma. AP, Washington

## Trade deficit narrows to \$11.6bn in US

By Nancy Dunne in Washington

The US trade deficit narrowed to \$11.6bn in February, propelled by record exports of \$73.5bn.

Mr William Daley, the commerce secretary, said imports - a record \$85.1bn - reflected the strong growth in the US economy and a sizeable one-month increase in oil shipments.

Exports were boosted by \$600m in aircraft sales, a notably volatile indicator.

Economists are divided over the significance of the deficit. Most agree that it is a political problem for the administration, as it seeks authority to negotiate new trade deals, but it has both good and bad economic consequences.

"Fed officials are not likely to overlook the deterioration in the trade accounts," said Mr Christopher Low of HSBC Economics Group, an international banking and financial services organisation.

Mr Bruce Steinberg of Merrill Lynch said net exports should subtract about 2 percentage points from first quarter gross domestic product.

However, he expects GDP growth to be a strong 4 per cent. Anything more would certainly impel the Federal Reserve to move again to raise interest rates to limit growth.

The politically sensitive goods deficit with Japan held steady at \$1.3bn.

The Coalition of Service Industries said the growing US services surplus with Japan, which is not contained in the monthly trade figures, would offset a large share of the merchandise deficit.

This is not true of China, which imports few services, but last month had a slightly smaller goods surplus \$3.4bn compared with \$3.7bn in January.

The US trade balance with western Europe moved into a surplus for the first time since December 1995.



Dole (left) helping Gingrich out of a financial fix

## Dole lends Gingrich \$300,000 for fine

Mr Newt Gingrich, speaker of the House of Representatives, promised Congress yesterday that he would personally repay a \$300,000 loan from Mr Bob Dole, the losing 1996 Republican presidential candidate, made so he can settle a penalty imposed by the House over a breach of ethics investigation, Reuter reports.

In a speech to the House explaining the surprise development that Mr Dole

would finance his debt, Mr Gingrich said: "I will personally pay it back. The taxpayers will be fully reimbursed. This is my duty as speaker and I will do it personally."

The speech followed the announcement that Mr Dole would lead Mr Gingrich the entire amount to clear the penalty. His remarks were clearly designed to head off speculation that he might use political funds to pay

off the loan made by Mr Dole.

"As a person of limited means, I have arranged to borrow the money from Bob Dole... and I will personally pay it back," he said.

The penalty was to reimburse the House for taxpayer funds expended in investigating charges Mr Gingrich used tax-exempt money to promote political goals and misled congressional investigators.

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## Time may shortly be up for go-it-alone Canadian dollar

Central bank could soon be forced to put up rates

The Bank of Canada, the country's central bank, is facing an unexpected dilemma in determining interest rate and exchange rate policy.

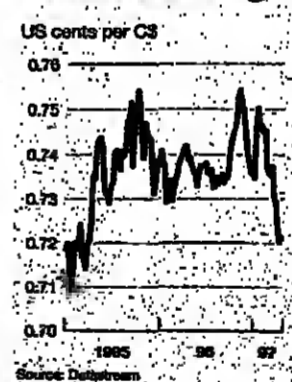
Its predicament stems from a dramatic deterioration in market sentiment towards the Canadian dollar since the US Federal Reserve nudged up short-term interest rates on March 25. Ottawa chose not to follow the Fed's lead, further widening the gap between Canadian and US short-term rates that opened up in February 1996.

Canadian banks' prime lending rate has remained at 4.75 per cent, the lowest in three decades, compared to 8.50 per cent in the US.

The Canadian dollar was buoyed in 1995 and 1996 by a sharp improvement in public-sector finances, a strong current account on the balance of payments, and low inflation. Canada's inflation rate, presently about 2 per cent, has been below US levels for more than six years.

The currency reached a peak of 75 US cents last November, and many economists expected a further advance during 1997. However, it sank to 71.35 US cents early yesterday, its

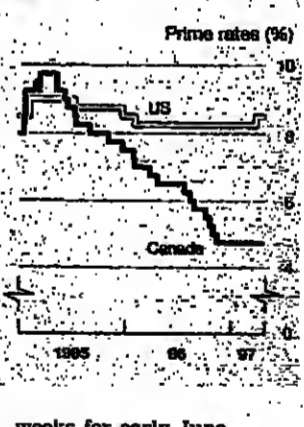
## Canada's sinking dollar



lowest point in more than two years. It later recovered slightly.

One foreign-exchange trader in Toronto said the Bank of Canada had intervened "fairly actively" in recent weeks to slow the decline. "Eventually they'll have to raise interest rates, but it's a question of timing," she said.

The bank's room for manoeuvre is limited by its aggressively stimulative monetary policy over the past 18 months, and by expectations that Mr Jean Chrétien, the prime minister, will call a general election within the next two



weeks for early June.

Policymakers remain concerned by high unemployment, presently 9.3 per cent. But low interest rates have recently triggered a surge in domestic demand. Housing starts are almost 30 per cent higher than a year ago. Economists predict gross domestic product will expand by 3.5 per cent to 4 per cent this year with a similar gain in 1998, up from 1.5 per cent in 1996.

Nesbitt Burns, a Toronto-based securities firm, warned last week that there was "so much growth momentum in the pipeline that a continued accommo-

dative (monetary) policy runs the risk of rekindling inflation pressures by the second half of 1998."

Mr Ted Carmichael, chief economist at JP Morgan Canada, said a "messy situation" could develop if the dollar continued to weaken during the election campaign. He said the dollar could dip as low as 70.50 US cents in coming weeks. If the Bank of Canada decided to remain on the sidelines in the run-up to the election, and the Federal Reserve lifted US rates again in May,

Although the bank is nominally independent, the Liberal government may not look kindly on a tightening of monetary policy in the midst of the campaign. The Liberals are favoured to win a second term in office, but observers have recently suggested that their majority may be much smaller than appeared likely a few months ago.

Some economists predict the central bank may eventually be forced to lift interest rates by more than the US to protect the Canadian dollar and dampen economic growth.

Bernard Simon

## OBITUARY: Emilio Azcárraga Milmo

## TV magnate with political bite

By Leslie Crawford in Mexico City

Emilio Azcárraga Milmo, the Mexican television magnate who built the largest media empire in the Spanish-speaking world, has died of cancer. He was 66.

Mr Azcárraga, who was known as "El Tigre" (the tiger) for his business drive and overpowering personality, was also a pillar of Mexico's political establishment. During his 25 years at the helm of Televisa, the \$4bn company he inherited from his father, the network acted as the virtual mouthpiece of the ruling Institutional Revolutionary Party

(PRI). For most of this time, Televisa commanded more than 90 per cent of Mexico's viewing audience.

Mr Azcárraga, an adviser and patron to six Mexican presidents, often boasted he was the "first soldier of the PRI". Nothing illustrates his ties to the regime better than a "billionaires banquet" held in February 1993 and attended by then-president Carlos Salinas. The aim of the exclusive gathering was to raise funds for the PRI for the 1994 general elections.

The 30 wealthiest men in Mexico were asked to contribute \$25m each to the ruling party's coffers. While some balked at the figure,

Mr Azcárraga rose to his feet to pledge double that amount.

"I, and all of you, have made so much money over the past six years that I think we have a big debt of gratitude to this government," Mr Azcárraga is reported to have said.

A few months before the election, Mr Azcárraga was awarded licences to operate 62 new television stations, which allowed Televisa to set up its fourth nationwide network.

Mr Azcárraga also bought a 20 per cent share in Univision and transformed it into the largest Spanish-language network in the US. He took a

50 per cent stake in PanAmSat, an independent satellite service provider in the US. He acquired Grupo América, the largest publisher of magazine titles in Latin America, and introduced cable television to Mexico.

Last December, he inaugurated Televisa's satellite-beamed service in partnership with Mr Rupert Murdoch's News Corporation and TeleComunicaciones Internacionales of the US.

Mr Azcárraga's deteriorating health led him to retire as president of Televisa only last month. He named his 38-year-old son, Mr Emilio Azcárraga Jean, as his successor.

# Success in the Region



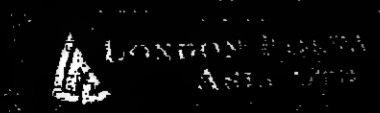
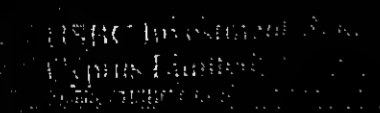
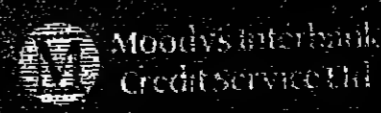
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## NEWS: INTERNATIONAL

## World Bank, IMF assailed over debt relief

By Michael Holman,  
Africa Editor, in London

The joint World Bank-IMF debt relief plan for the world's poorest countries is in danger of collapse, putting the lives of over 3m children at risk, Oxfam International warned yesterday.

In a report published in advance of next week's spring meeting in Washington of the Bank and the Fund, Oxfam accuses the boards of the two institutions of lacking the political will to implement the initiative they agreed to last year.

Although the first two qualifying countries, Uganda and Bolivia, have well established track records of economic reform, they will have to wait at least a year before benefiting from the plan.

"Most other candidates for debt relief will be placed on the back-burner until 2000 and beyond," says the report by Oxfam International, which has national offices in 10 countries, including Britain, Canada, Ireland and the US. Oxfam calculates a one

year delay will cost Uganda debt relief worth \$193m, six times total government spending on health. The same delay will cost Bolivia \$241m, double its national health budget.

Were these and other highly indebted African countries able to put funds that could be made available under debt relief into health services, says Oxfam, "the lives of over 3m children under the age of five would be saved over a seven-year period".

"One of the primary con-

cerns of the Fund has been to minimise the costs to itself of financing debt relief, placing narrow institutional self-interest over the needs of the world's poorest countries."

The main challenge, however, is directed at Mr James Wolfensohn, president of the World Bank. Although Oxfam gives him credit for his personal commitment to debt relief, it claims that Mr Wolfensohn "is now failing to drive the initiative forward".

"This perception would

change if he took a principled stand on behalf of the poor in debtor countries, openly challenging the IMF and G7 countries bent on consigning the debt relief plan... to a slow death."

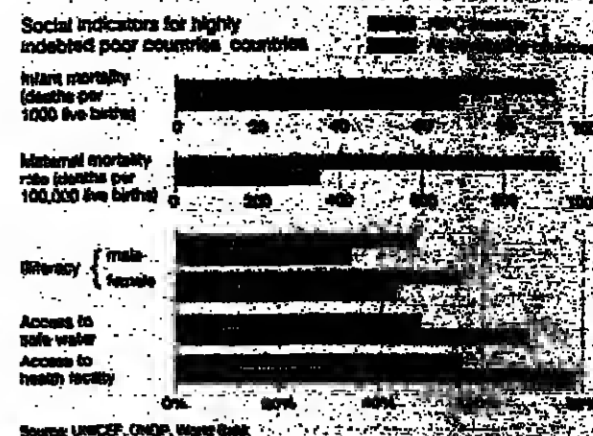
Oxfam sees the initiative as "a litmus test of Mr Wolfensohn's commitment to poverty reduction". "He may have to confront his board with the simple message - back me or sack me on poor country debt," said Mr Justin Forsyth, Washington-based representative of Oxfam International.

Oxfam argues that governments "willing to convert savings from debt repayments into social investment should be rewarded with an accelerated time frame for debt relief".

"Eligibility would be through a modified economic reform conditionality, along with a government commitment to transfer between 80 and 100 per cent of any savings from debt relief into a ring-fenced budget account for social investments."

"Poor Country Debt Relief: False dawn or new hope for

## Debt, poverty and social investment



Source: UNICEF, UNDP, World Bank

## OBITUARY: Chaim Herzog, former Israeli president

## Respected soldier-statesman

By Avi Machlis in Jerusalem

Mr Chaim Herzog, the former Israeli president, died yesterday near Tel Aviv at the age of 78. As a military officer, statesman, businessman, and writer he gained widespread respect internationally.

Born in Ireland in 1918, Mr Herzog emigrated to British-mandated Palestine in 1935. He joined the Haganah, Israel's pre-state military organisation, and served from 1936 to 1938 during the Arab revolt in Palestine.

Like many young Zionists, he signed up to the British army and served during the second world war, taking part in the Normandy landings of 1944. He became head of intelligence in northern Germany and participated in liberating some of the concentration camps where his co-religionists perished at the hands of the Nazis.

The experience be-



Herzog: born in Ireland

acquired in Europe paved the way for his military career in the fledgling Israeli Defence Forces. He fought as an officer during Israel's independence war of 1948, and later became head of military intelligence. In the early 1950s he was posted to Washington as Israel's defence attaché.

Upon retiring from the

army in 1962, Mr Herzog became involved in business. He was a board member and director of several Israeli companies, including Israel Aircraft Industries and the Israel Discount Bank.

He returned to the army after the Israeli-Arab six-day war of 1967 as Israel's first military governor of the occupied West Bank.

But it was as Israel's ambassador to the United Nations between 1975 and 1978 that Mr Herzog gained international recognition. Shortly after his appointment, the UN general assembly adopted resolutions equating Zionism with racism. The usually soft-spoken Mr Herzog defended his people in perhaps his most dramatic and memorable public appearance.

"For us, the Jewish people, this resolution, based on hatred, falsehood and arrogance, is devoid of any moral or legal value. For my

Jewish people, this is no more than a piece of paper, and we shall treat it as such," he declared while tearing up the resolution. In 1991 the UN rescinded the controversial resolution.

Mr Herzog was elected to the Israeli Knesset (parliament) as a member of the Labour party in 1981. He later became Israel's sixth president, serving two terms from 1983 to 1993.

He twice found himself at the centre of controversy. In 1986 he pardoned Israeli secret servicemen who allegedly killed two Arab terrorists captured after hijacking an Israeli bus. And in 1987 he commuted sentences of Jewish terrorists who had killed Arabs from the West Bank.

An avid writer, Mr Herzog contributed regularly to Israeli and international newspapers throughout his career and wrote several books on Israel's history.

## Israelis tot up the Knesset arithmetic if Netanyahu is indicted

## Nervous wait for law officers

By Judy Dempsey in Jerusalem

Mrs Edna Arbel, Israel's state attorney, faces one of the most critical choices of her career.

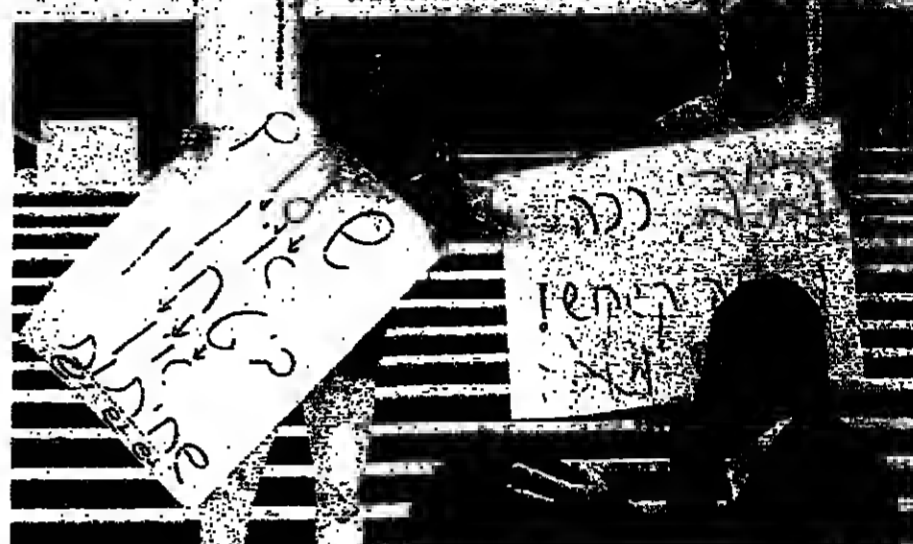
Along with Mr Elyakim Rubinstein, the newly appointed attorney general, she will have to decide in the coming days whether or not to indict Mr Benjamin Netanyahu, the Israeli prime minister, and three of his closest colleagues on charges of breach of trust. The future of the government rests with her decision.

Since Thursday, Mrs Arbel has been reading a 986-page report presented to her by the police following a three-month investigation into an alleged conspiracy to appoint Mr Roni Bar-On as attorney general. Since then, Mr Netanyahu, his ministers and all the parties in the coalition have been waiting.

No minister has been prepared unequivocally to support Mr Netanyahu. No coalition partner has said it would pull out or remain in the government. "Everyone is waiting. Everyone around Netanyahu is nervous," a senior government official said, adding it was rare to see the government lacking its characteristic sense of confidence.

If Mr Netanyahu is indicted, there will be a trial. But the opposition Labour party, led by Mr Shimon Peres, has demanded Mr Netanyahu resign since his government is morally tainted. This would lead to fresh elections.

But elections in Israel are no longer a simple matter of



A Netanyahu supporter (right foreground) argues with two leftwing protesters yesterday

the governing party going to the country. The prime minister is now directly elected. And since Mr Netanyahu would be loath to resign, whether he is indicted or not, the opposition will do its utmost to call a special vote of no-confidence in the prime minister only.

Dislodging Mr Netanyahu from power would be no easy matter. Under a special law, a vote of no-confidence in the prime minister - which would not dissolve the Knesset - could be held if he was found guilty of a crime of moral turpitude. This requires a simple majority - 61 deputies. Mr Netanyahu commands 66 out of 120 seats.

Much depends on Shas, the ultra-Orthodox party at the centre of the police investigations, which has 10 seats. Mr Aryeh Deri, leader

of Shas, allegedly pushed for the appointment of Mr Bar-On in return for a plea bargain in a corruption case for which Mr Deri is being investigated.

It is no longer certain Shas would bolt the government, even though it said it would do so if Mr Deri, were indicted. "Shas is dependent on its political survival on Netanyahu and vice versa," a senior official said.

Mr Natan Sharansky, head of Yisrael Ba-Aliya, the Russian immigrant party, will decide on Sunday what to do with his seven deputies. At the start of the investigations, he said he would resign from the coalition if there was the slightest taint of corruption. Meanwhile, several Likud deputies who deeply resent Mr Netanyahu's style of leadership,

would relish voting against him.

If Mr Netanyahu is not indicted, the opposition may try another tactic by holding an even more arithmetically difficult no-confidence vote in him. This requires a majority of 80 deputies which the opposition would find almost impossible to muster.

"I am convinced Netanyahu, if not indicted, will soldier on. Of course, the government has been damaged. Its credibility has been weakened," a close aide to the prime minister said.

The key thing to remember is that Mrs Arbel is hugely respected by the public. Her decision will carry enormous weight. If she does not indict him, Mr Netanyahu will feel vindicated and start to rebuild his image. Editorial comment, Page 15

## PUBLIC NOTICES



PROPOSED MODIFICATIONS TO THE CONDITIONS  
OF THE LICENCES OF THOSE WHO PROVIDE  
TELECOMMUNICATIONS SERVICES BY REFERENCE  
TO NUMBERS OVER FIXED NETWORKS

1. The Director General of Telecommunications (the "Director") in accordance with section 12(2) of the Telecommunications Act 1994 (the "Act") hereby gives notice that he proposes to make modifications to:

(a) the following categories of licences granted under section 7 of the Act which authorise the rendering of telecommunications systems by means of fixed networks:

(i) each licence where the relevant system has been designated as a public telecommunications system;

(ii) each licence granted to an individual and authorising the provision of International Simple Voice Resale as defined in each such licence;

(iii) each licence issued in the Schedule; and

(iv) the licence granted to British Telecommunications on 22 June 1994 under section 7 of the Act (the "BT Licence").

A full list of those licences described in sub-paragraphs (i) and (ii) above will be provided upon written application to the person specified below in paragraph 9.

2. The effect of the proposed modifications is set out below.

3. In the case of all those licences other than the BT Licence, any existing provisions on number portability will be deleted and new provisions which will be identical for all licences in this class, will be substituted. Minor modifications to existing provisions relating to numbering will be required in consequence. In the case of licences where no provisions on number portability exist, the new provisions will be inserted in the relevant licences. Accordingly, all licences within this class will contain identical provisions.

4. Number portability, which is described in the proposed modifications as "Portability", is a facility provided by one telecommunications operator to another whereby a customer who has been allocated a telephone number by an operator providing telephony services can switch supply of those services to another operator, and keep the original number. The facilities may apply to numbers which relate to a customer's home or workplace and in this case is known as geographic Portability. It may also apply to numbers relating to services such as freephone (eg 0800), local charge (eg 0345), national rate (eg 0900), premium rate service (eg 0908) or personal numbering (eg 0700), and this is known as non-geographic Portability.

5. The effect of the proposed modifications to the licences described in paragraph 1(a) will be to:

(i) oblige the Licensee to provide Portability on reasonable terms, to any Qualifying Operator in accordance with a Functional Specification. The Functional Specification is a document specifying technical and other principles enabling efficient implementation and utilisation of Portability and is published by the Director following consultation. A Qualifying Operator is a person who has requested a specific type of Portability from the Licensee, who can provide the same kind of Portability, and in the case of geographic Portability, who can provide Portability to the Licensee within the same area as that to which the request relates;

(ii) provide that charges for the provision of Portability must be made in accordance with certain principles. The charges must be based on costs. Incremental costs if the BT Licence allows that cost basis for BT, otherwise fully allocated costs, unless the parties have agreed some other basis or the Director has determined, on the application of either party, that another cost basis is appropriate. Costs are divided into categories defined in the provisions. System Set-Up costs are to be borne by the Licensee, specific charges based on the reasonable costs of providing Portability with respect to each Number are to be borne by the Qualifying Operator, but no specific charge may be made for Additional Convenience Costs, which consist in those costs of conveyance incurred in setting up calls to ported numbers over and above the costs of conveyance of a non-ported call;

(iii) provide that where a Qualifying Operator has sought the provision of Portability from a Licensee, either party may refer the question of the reasonableness of certain matters to the Director for his determination. The provisions specify the matters, which comprise the request for and extent of Portability, the cost, including the cost basis for calculating the cost, the cost categorization and the proposed charges. If a Licensee proposes to use a higher cost method of implementing Portability where a lower cost method could or ought to have been used, the reasonableness of this may also be referred to the Director for his determination. The Director will consult before making any determinations;

(iv) provide that Licensees may be obliged to provide a record of Portability transactions, specifying those numbers in relation to which they provide Portability and the operator to whom the facility is provided.

6. In the case of the BT Licence, the effect of the modifications to the existing provisions in Condition 34C of that licence will be to:

(a) allow the definition of Portability so that it is identical to the definition in the modifications proposed above, thereby retaining geographic Portability within its ambit, but providing for the inclusion of all types of non-geographic Portability;

(b) bring provisions concerning the obligation to provide Portability more closely into line with the provisions in the modifications proposed above, by deleting the requirement for the Director to direct the Licensee to provide Portability, this having been done already, and following the same wording of the proposed modification to other licences with respect to its provisions on the Qualifying Operator, the extent of Portability, and the matters referable to the Director for determination as to their reasonableness, other than those connected with costs, cost-bases and charges;

(c) deal with costs and charges: while the proposed modification to the BT Licence is consistent with the principle that the Licensee bears System Set-Up Costs, the Qualifying Operator bears per number costs and that no specific charge for Additional Convenience Costs may be made. It having been established as the appropriate approach following the recommendations of the Monopolies and Mergers Commission ("the Commission") in relation to the references dated 27 April 1995 made by the Director with respect to the BT Licence, the BT Licence retains specific provisions allowing the Director to determine certain costs and standard charges and in that respect differs from the modifications proposed to other licences;

(d) delete references to the date for making the first determination of costs and charges, it having passed, while retaining provision for an annual determination to be made in relation to each financial year ending on 31 March;

(e) retain provisions concerning the apportionment of costs relating to additional Convenience Costs while no-called "brokering" of ported calls may occur until the cut-off date of 31 October 1997, but include new rules on such costs in relation to non-geographic Portability; thereafter the general rule on Additional Convenience Costs, to the effect that no specific charge for such costs may be made, applies;

(f) make specific provision in relation to the costs and charges of non-geographic Portability, taking account of the state of development of BT's IN platform for delivery of such calls. A form of "brokering" of calls to non-geographic ported numbers will be necessary for two types of services, namely those charged at the equivalent of national rate calls and those known as "premium rate services", where the charge for the call is generally higher than a national rate call on account of the content element of the call. Until 30 June 1998 in the case of national rate calls, and until 31 December 1998 in the case of premium rate calls, Additional Convenience Costs incurred in porting non-geographic calls will be shared according to the general rule on brokering specified by the Commission for geographic Portability. According to this rule, BT is entitled to recover, as a Standard Portability Charge, an amount representing half the difference between the Additional Convenience Costs it actually incurs in providing Portability by means of the "brokering" technique, and the cost that it would have incurred if it had provided Portability by the more efficient "Call Drop-Back" method;

(g) retain the requirement for the Director to consult before making any determination;

(h) in common with the proposed modifications to other licences, make provision that BT may be obliged to provide the Director with a record of its transactions relating to Portability.

7. The reasons for the proposed modifications are as follows:

(i) the Commission, following its investigation into number Portability arising from the reference made under section 13 of the Act with respect to matters specified in relation to the BT Licence, made certain recommendations. It concluded that the absence of number Portability operated against the public interest, that it inhibited competition in the telecommunications market and that this inhibition of competition was detrimental to the interests of consumers in that prices charged for telecommunications services were likely to be higher, quality and variety of service lower and choice diminished compared to what would otherwise be the case. It recommended appropriate modifications to the BT Licence which was modified on 29 July 1996. The Commission also indicated that the Director should consider applying the same regime to other operators;

(ii) having considered this matter, the Director has concluded that it is right to ensure that a similar regime to that secured in the case of the BT Licence is put in place which applies to the licences described in this notice. The proposed modifications apply the principles recommended by the Commission and will ensure that any Licensee whose licence contains the relevant provisions will be placed under an obligation to provide Portability in appropriate circumstances;

(iii) the Director also considers it desirable that there should be a uniform set of rules and principles to which the provision of number Portability should adhere. Nevertheless, since BT commands a significant proportion of the market in telephony services, the Director considers that it is still appropriate for special rules concerning the charges made by BT for providing number Portability to other operators to exist. It is for this reason that the rules on charges for the provision of number Portability, while adhering to common principles in all cases, differ as respects BT and those licenses other than BT;

(iv) the provision of number Portability by BT having already begun as a result of the modification made on 29 July 1996, and the Director desiring to ensure that clear provision in relation to non-geographic Portability is made, particularly in order to take into account the special features of the BT network, he has concluded that it would be appropriate to modify not only licenses other than the BT Licence, but also the BT Licence;

8. The Director is required by section 12(2) of the Act to consider any representations or objections which are duly made and not withdrawn. Following consultation, the Director proposes to make the modifications forthwith following the licensees' agreement to them. Representations or objections to the proposed modifications may be made no later than 16 May 1997 to Adam Jackson, OFTEL, 50 Ludgate Hill, London EC4A 3DF (Tel: 0171 634 8875). Any confidential material should be clearly marked as such and separated out into a confidential annex. All representations or objections received by OFTEL, with the exception of material marked confidential, will be made available for inspection in OFTEL's library. Short comments can also be e-mailed to OFTEL on press.office@ofel.gov.uk.

9. In a second stage of consultation, interested parties are invited to send comments to OFTEL no later than 23 May 1997 on comments received in the first stage. Copies of the proposed modifications may be obtained from Duncan O'Neill at the above address (Tel: 0171 634 8875).

## SCHEDULE

Global Networks Ltd; Redstone Network Services; Talland International; Personal Number Company plc; Telecommunications Premium Services Ltd; BT NetTel Ltd (Original Licensee: Goodall Personal Numbering Ltd); BTSS-Numbering Viewed Worldwide Ltd; National Telecommunications Ltd; E-Sat Telecommunications Ltd; PanAfrica Ltd; Kingston Communications Ltd; (Hull) plc; Incom (UK) Ltd; Muxat Ltd; Teleport London International Ltd; Satellite Information Services Ltd; MSCo Ltd; VSCo Ltd; Data Marine Systems Ltd; ITG (UK) Ltd; SNG Broadcast Services Ltd.

## S Africa eases work conditions

By Mark Ashurst in Johannesburg

The South African government yesterday announced a raft of proposals to improve basic working conditions and encourage greater labour flexibility, but fell short of meeting the demands of its allies in the trade union movement.

The Congress of South African Trade Unions (Cosatu) will meet today to consider the proposals, and decide whether to go ahead with a general strike in support of its demands on May 12.

Mr Tito Mboweni, labour minister, described the draft Basic Conditions of Employment Bill as "a revolution in labour law" that would

transform the workplace "from an exploitative atmosphere to one that promotes social justice".

The draft bill recommends a maximum working week of 45 hours, compared with the current statutory maximum of 48 hours for miners and farm workers, 60 hours in the security sector and 46 hours in manufacturing industry. It also recommends

that Sunday work be paid double time, or at time and a half if it falls within workers' ordinary hours.

Both proposals will be particularly sensitive in the gold industry, where deep level mines have begun to introduce seven day, round-the-clock operations in an attempt to contain rising costs. They may also encounter opposition from

Cosatu, which has called for a maximum working week of 40 hours.

Mr Johannes Landman, labour analyst at BoE Nat-West Securities, forecast that gold mines could be among the first employers to seek an exemption from the minister. "These" could include "the new black-owned gold mines, where the mineworkers' investment consortium is a significant shareholder," he said.

There was no formal statement in reaction to the bill from "the big business houses".

The draft bill also proposed raising the rate of hourly overtime payments from the current level of time and a third, to time and a half.

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## NEWS: ASIA-PACIFIC

# Japan's surplus with US keeps rising

By Gillian Tett in Tokyo

Japan's politically sensitive trade surplus with the US rose for the sixth consecutive month to ¥37.8bn (\$3bn) in March, fuelling concern that the yen's weakness could reignite trade friction between the two countries.

The increase, which left the surplus 11.2 per cent higher than in the same month a year earlier, came amid fresh signs of US unease about trade trends.

Before the data's release, Ms Charlene Barshefsky, US trade representative, had warned that US President Bill Clinton would voice concern about trade during the

visit next week of Mr Ryutaro Hashimoto, Japanese prime minister. We do not wish to see an increase in Japan's trade surplus," she said.

Mr Larry Summers, US deputy treasury secretary, warned later that trade friction might re-emerge unless Japan made new attempts to stimulate its domestic economy. US unease about domestic demand has been fuelled by Tokyo's decision to raise consumption taxes this month.

The concerns about longer term trends were exacerbated by the release of data for fiscal 1996. These showed that although Japan's overall trade surplus fell

29.6 per cent during the year, the surplus with the US fell only 2.2 per cent - far less than expected. Japan's surplus with Asia, by contrast, dropped by 15.7 per cent - the first fall for seven years and a reflection of the recent shift of Japanese manufacturing to Asia.

Most economists believe Japan's overall trade surplus is now on a rising trend.

However, yesterday's figures for March suggest monthly surpluses remain volatile; after showing a strong year-on-year increase in February, the surplus fell back in March to ¥18.8bn - a level 26.3 per cent lower than the year before.

This largely reflected a sharp increase in imports, which were 21.4 per cent higher than a year before, with a particularly sharp rise in purchases of office equipment.

However, economists blamed the rise on an unusual surge of aircraft imports in March, as well as a rush of purchases ahead of April's tax rise.

Overall exports in March were 10.5 per cent higher than a year before, largely due to higher sales of electrical equipment and cars. Sales to the US climbed 14.3 per cent.

Ms Mineko Sasaki-Smith, of Credit Suisse First Boston, said:

"The good news on Japan's March trade surplus was completely overshadowed by the bad news on the Japan-US data. The US-Japan side is pretty ugly."

Meanwhile, separate Japanese money supply figures also gave a hint of weakness in the domestic economy. The narrow measure of money supply, M2 and deposits, was only 2.7 per cent higher in March than the year before, lower than the levels seen during most of last year.

Concern about US-Japanese trade tension pushed the dollar slightly down to close at ¥125.4 in Tokyo, from the previous close of ¥126.1.

## Okinawa land bill approved Officials admit N-plant leaks not reported

By William Dawkins in Tokyo

The Japanese parliament yesterday approved a controversial bill to allow it compulsorily to allocate land to the US military on the southern island of Okinawa, reluctant host to the biggest US bases in south-east Asia.

Agreement by the upper house of parliament, the final legislative stage, untangles a potentially damaging hitch in US-Japan security relations just a week before Mr Ryutaro Hashimoto, Japanese premier, is to meet Mr Bill Clinton, US president, in Washington.

They are due to assess progress on a landmark agreement reached last April to boost bilateral security co-operation.

Okinawan objections to US bases have delayed progress on the security pact, under which Japan undertook to step up help for UN peace-keeping, expand exchanges of military technology and provide US forces with defence supplies.

US officials believe Tokyo remains committed to a greater role in upholding



Okinawans and supporters protest in Tokyo yesterday

regional security, despite the distraction provided by Okinawa. The Hashimoto-Clinton summit is seen by both sides as a chance to give security co-operation a fresh push from the top.

Evidence of Tokyo's eagerness for progress is a call by a ruling Liberal Democratic party panel earlier this week to ease post-second world

war curbs on defence equipment exports, to enable closer defence links with the US. This runs close to the limit of Japan's constitutional ban on the right to take part in collective self defence, an issue which the LDP panel said must be tackled in debate on constitutional reform. It confirms a break with the pacifism of

the Japanese establishment for the past half century.

Yesterday's bill on Okinawa was necessitated by the expiry next month of 3,000 leases on 12 US military installations. Landowners refused to renew, in protest against what they see as an unfairly large US military presence: two-thirds of the 47,000 US troops in Japan are on the island, which accounts for less than 1 per cent of Japanese territory.

Resentment exploded after a Japanese schoolgirl was raped by three US servicemen in 1995. The incident provoked the highest street demonstrations against the US military in more than 30 years. In response, the joint governments in Tokyo and Washington agreed on the eventual return of part of the bases.

However, the need to override Okinawan objections, at least in the short term, has won consensus among all but the political left wing.

In a gesture to Okinawan sensitivities, the LDP agreed to make further efforts to move some US bases from the island to the mainland.

## Officials admit N-plant leaks not reported

By Gwen Robinson in Tokyo

Fresh allegations of nuclear mismanagement of unclear accidents in the last three years by Japan's state-run nuclear power company surfaced yesterday, when officials admitted the company had failed to report 11 radiation leaks.

The revelations came as Mr Ritsiro Chikako, minister responsible for nuclear facilities, said the government was considering dismantling the Power Reactor and Nuclear Fuel Development Corporation, known as Donen, which runs six nuclear power facilities.

Donen is under investigation and facing legal action from the government's Science and Technology Agency for falsifying information and mishandling emergency procedures in an accident last month at a nuclear reprocessing plant near Tokyo.

The 11 unreported radiation leaks occurred at a nuclear plant where an accident this week exposed workers to low levels of radiation. The facility, an advanced thermal reactor known as Fugen, was shut down on Wednesday following a delayed report on

Tuesday about a leak of radioactive tritium.

Donen officials said the 11 leaks which occurred prior to this week's accident were not reported as the level of radiation was below that which legally required reporting. Critics, however, said all leaks and irregularities at nuclear plants had to be reported. Local government officials in the region where the leaks occurred said they had an agreement with Donen that all irregularities would be reported.

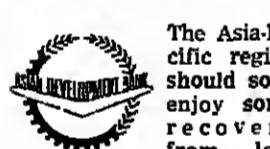
Four of the six nuclear facilities operated by Donen have been shut down following accidents.

The first, a leak of sodium coolant at an experimental fast-breeder reactor known as Monju in 1995, brought to light the first disclosures of cover-ups and mismanagement by Donen. The organisation admitted hiding videotapes of the incident and withholding information.

A plutonium fuel production plant was shut down last month after a false alarm, while the third closure followed an accident in late March at the Tokaimura fuel reprocessing plant, which exposed 37 workers to low levels of radiation.

## ADB predicts regional recovery in exports

By Peter Montagnon, Asia Editor, in London



The Asia-Pacific region should soon enjoy some recovery from last year's export slowdown, allowing growth to stabilise at relatively high levels with subdued inflation over the next couple of years, the Asian Development Bank said yesterday.

Its annual development outlook, one of the most widely watched commentaries on Asian economic prospects, said Asia continued to be the fastest growing region of the world last year, despite the export weakness.

Average real growth in the region's developing countries slipped to 7.4 per cent from 8.2 per cent in 1996, but inflation also slowed to 6.1 per cent from 9.1 per cent and is forecast to slow further to 5.9 per cent this year.

"Despite major shocks, both internal and external, the Asian economies as a group and individually continued to perform in a very robust manner," Mr Vishvanath Desai, ADB chief economist, said yesterday in Seoul.

The report rebuts suggestions that the export weakness was due to structural changes in Asian economies, which could undermine the Asian miracle. Across the region as a whole export growth slipped to 4.3 per cent last year, its lowest level this decade, from 21.9 per cent in 1995.

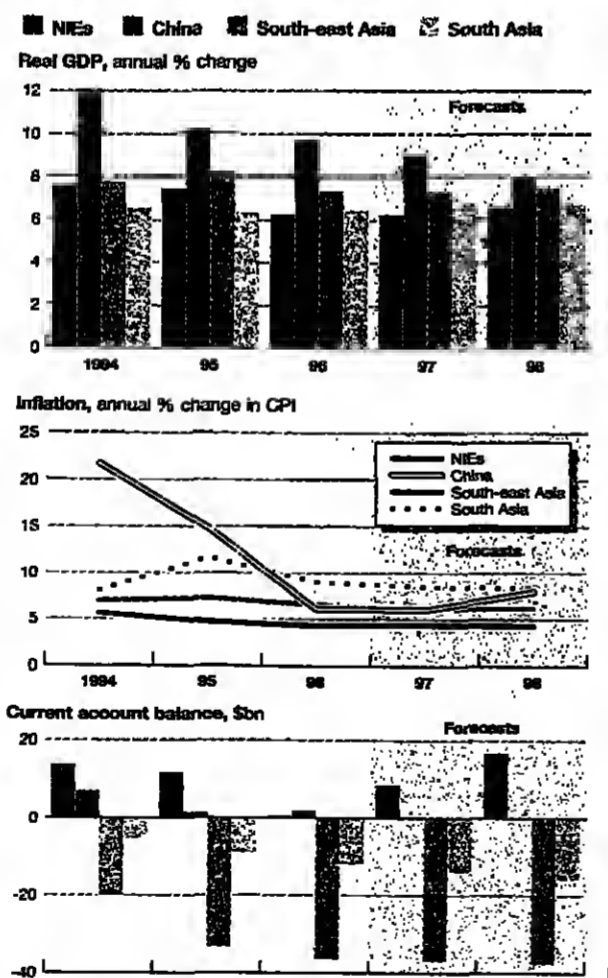
But foreign investment approvals in both south-east Asia and China remained strong even compared with the high levels of 1995. Export growth rates would rebound during 1997, although not to the high rates of the first half of the decade, the report said.

A critical issue for many Asian countries was whether they could develop an indigenous capacity for innovation as their economies matured, it added.

It also pointed to the sharp contrasts in development between the poorest Asian countries like Burma and Bangladesh and the richer economies of south-east Asia, where living standards were close to OECD levels. The majority of the world's poor lived in Asia despite the region's impressive growth rates, it said.

Regional disparities within Asia continued to widen last year, with south Asia growing at a rate of 6.5 per cent while south-east Asia grew

### Asia's economic prospects



at 7.4 per cent. South Asia's inflation rate of 9 per cent was also higher than that of south-east Asia at 6.6 per cent.

Among larger countries, the ADB said China was poised to enter a period of relative stability with high growth rates and few inflationary pressures.

Having achieved a soft landing last year after a three-year anarchy programme, growth was likely to run at 9 per cent this year compared with 9.7 per cent in 1996, and inflation would be stable at about 6 per cent. But it warned that China still faced formidable challenges, citing the need to restructure loss-making state enterprises, the rising cost of food self-sufficiency, unemployment, income inefficiency, environmental degradation and infrastructure bottlenecks.

India, where growth is expected to edge up to 7 per cent this year from 6.8 per cent in 1996, was showing benefits from economic

reforms, with growth in manufacturing output accelerating by about 2 percentage points over the past five years.

Agriculture lagged behind, though, and the report singled out the need to reform state finances.

"There is a risk that the central government's efforts to reduce the fiscal deficit could be undermined by the expansionist policies of the states."

That growth is expected to slow further to 6.1 per cent from 6.7 per cent. The slowdown would be, in part, temporary, but there was also a more fundamental malaise caused by diminished competitiveness.

In South Korea, which has also faced mounting economic troubles, the slowdown would continue for the first half of this year before recovery begins.

Overall growth in South Korea would fall to 6.3 per cent this year from 7 per cent, but rebound to 6.9 per cent in 1998.

## Indonesia banking links 'to speed up'

By Manuela Saragosa in Jakarta

Indonesia's overcrowded banking sector is set to consolidate at a faster pace over the next year as new regulations take effect, according to the country's central bank governor.

This was in spite of a disappointing record of mergers and acquisitions to date, said Mr Soedradjad Djiwandono. "Consolidation has taken longer than I expected, but more and more banks are realising that it's the avenue they have to take," the Bank Indonesia governor said yesterday, adding he was encouraged by discussion among banks about takeovers in the past year.

Indonesia had 240 banks, seven of which were state-owned, at the end of 1995. Under Mr Soedradjad there have been intensified efforts to provide incentives for banks to merge, so as to make the supervisory tasks of the central bank easier and improve the health of a sector which has been saddled with high levels of bad debts.

The moves have had several setbacks, but Mr Soedradjad said Bank Indonesia and the country's Capital Market Supervisory Board, Bapepam, were clarifying regulations covering the mergers of listed institutions.

He expected new rulings to be issued "in the near future".

Analysts say the absence of rules prevented mergers last year between Bank Panin and Bank Lippo and between Bank Tiara and Bank Mashill.

A deadline of September this year for banks to meet a new capital adequacy ratio of 9 per cent and a minimum capital requirement of Rp50bn (\$20m) are likely to prompt mergers in the sector. At present about 70 banks have a minimum paid-up capital of Rp25bn-Rp30bn.

"All these banks will have to bring in additional capital," said one Indonesian banker.

Mr Soedradjad said Bank Indonesia was also looking to divest itself "as soon as possible" of stakes it held in troubled banks, including Bank Pacific and Bank Uppindo, indicating the central bank might be prepared to offer subsidies to groups bidding to take over these institutions.

## ASIA-PACIFIC NEWS DIGEST

## Death delays India decision

India's United Front yesterday postponed an expected decision on replacing Mr H.D. Deve Gowda as its leader after news of the death of a veteran head of the Janata Dal party, part of the 13-party coalition.

Members of the UF steering committee met yesterday as scheduled, but quickly adjourned out of respect for Biju Patnaik, the former chief minister of Orissa state who died of heart and respiratory problems.

The Congress party, which prompted India's political crisis last month by withdrawing its support for the Gowda-led coalition, has said it will renew political support for a UF government under fresh leadership.

The postponement offered the UF time to address internal differences over the leadership issue. Leaders of all 13 members of the coalition are due to meet again this morning. They are believed to be undecided about a candidate.

Mark Nicholson, New Delhi

## Bank fall-out over PNG

Jardine Fleming, the Hong Kong-based investment bank, has suspended a corporate finance executive, Mr Rupert McCowan, amid an inquiry by Papua New Guinea into the hiring of mercenaries to help resolve a stand-off on Bougainville island.

The company said the decision had been taken in the light of allegations that a Jardine Fleming employee had been involved in the affair. "While the accuracy and reliability of the evidence being given and the allegations being made remain unclear at this stage, Jardine Fleming feels it must take this evidence seriously and examine it in detail," the bank said.

John Kidding, Hong Kong

## Malaysia widens share offer

Malaysian financial institutions are to be allowed to subscribe for shares originally offered to foreign investors in the forthcoming flotation of Bakun Hydroelectric, the company that is to operate the controversial Bakun dam on the Malaysian island of Borneo.

The decision followed poor demand from foreign investors for the 10 per cent of Bakun's share capital which had been earmarked for them, financial analysts said. The Malaysian institutions had been brought in to take up the slack and ensure the flotation, which is crucial in financing the \$1.35bn (US\$5.4bn) dam, would not flop, they said.

Mr Ting Pek Khing, executive chairman of Ekran, the company overseeing Bakun's listing, said yesterday that the shares would be awarded to Malaysian institutions on a first-come-first-served basis.

James Kyne, Singapore

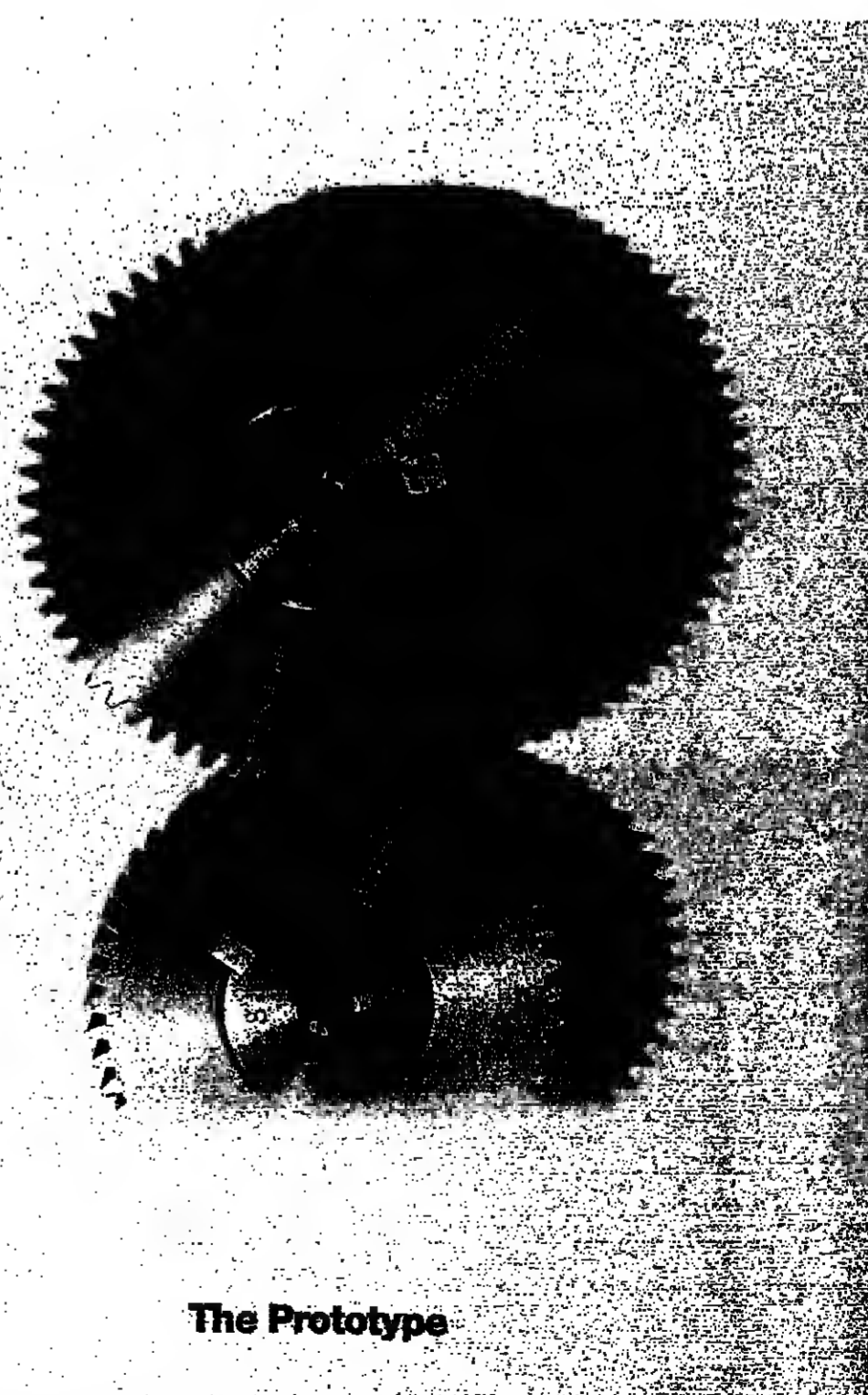
## Philippine trade gap grows

The Philippine trade deficit widened by 21 per cent year-on-year to \$1.96bn in the first two months of the year, according to government figures released yesterday.

The deficit is one of the few dark clouds on the economic horizon, although government planners continually stress it is not consumer-led. Consumer goods represent about 10 per cent of total imports. The programme for replacing Philippine Airlines fleet is expected to add \$1bn to the import bill this year.

Analysts expect the central bank to respond to the growing deficit with a more relaxed exchange rate policy this year.

Justin Marazzi, Manila



The Prototype

At BMW, we await the advent of the perfect road surface. Until then we have ASC+T, a system that takes control of the throttle whenever grip is lost. That's not to say your driving experience is compromised. In fact, a degree

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Sole supplier agreements are becoming a fashion with some airlines

# Boeing deals ominous for Airbus

By Michael Shapiro, Aerospace Correspondent

"Exclusive agreements are out of the question," Mr. Karel Van Miert, the European Union competition commissioner, said this week in response to the decision by two US airlines to buy all their aircraft from Boeing for the next 20 years.

But to airlines, designating Boeing as sole supplier is becoming a fashion - and industry analysts are not sure the Commission, or Airbus Industrie, Boeing's European competitor, can do anything about it.

American Airlines and Delta Air Lines have both designated Boeing as sole supplier, and Continental, a third US airline, is considering doing so.

"From a competition point of view, there's nothing inherently wrong with having a sole source of supply," says Mr. Chris Avery, an analyst at Paribas Capital Markets. "The car industry does it."



Boeing aircraft in Delta colours: 'there's nothing wrong with having a sole source of supply'

For Airbus, however, the agreements with Boeing are ominous. American and Delta are the two biggest airlines in the world. Continental is seventh. If Boeing concludes an exclusive agreement with Continental, Airbus's aim of increasing its worldwide market share from a third to half will be far harder, Mr. Avery says.

The airlines say exclusive agreements have two advantages. The first is that having a uniform aircraft fleet lowers the cost of maintenance, spares and training.

The second is that Boeing is prepared to offer discounts in return for being sole supplier.

Mr. Robert Alizart, Airbus's head of corporate communications, disputes the idea that owners of all-Boeing fleets save money on areas such as training. Many Boeing models have little in common, he says. And while American and Delta might be getting cheaper aircraft, Mr. Alizart says the savings could prove illusory.

What will the airlines do if Boeing fails to keep pace with Airbus technology? With important customers sewn up, what is to stop Boeing becoming complacent?

But what would Airbus do if an airline offered to appoint it sole supplier? Would it refuse? "We would be consistent with our position," says Mr. Alizart. "We do not think exclusive agreements are in the interest of the airline or the consumer and we don't think they would be in our interest with our aim of not being complacent."

Sceptics will argue that airlines would not ask Airbus to become sole supplier because the European consortium's range of aircraft is too small to satisfy all their requirements. Airbus does not have an aircraft to compete with Boeing's 400-seat 747-400.

Analysts believe one effect of Boeing's exclusive agreements will be to strengthen the hand of those within Airbus arguing for the consortium to extend its range of aircraft, particularly by building a 550-seat aircraft.

Boeing has scrapped plans to build its own 550-seater. American says it will be able to buy aircraft Boeing does not offer, but does not expect to be a buyer of a 550-seater. Delta, a more likely buyer of a 550-seater, will not say whether its agreement allows it to buy aircraft Boeing does not make, but analysts believe it does. McDonnell Douglas results, Page 17

## US seeks talks on farm exports

By Guy de Jonquieres in Washington

Washington yesterday said it was seeking consultations at the World Trade Organisation over practices used by Japan and the Philippines to discriminate against US farm exports.

The Philippines agreed to the consultation request, but Japan did not respond immediately. The US accuses the Philippines of failing to carry out a commitment in the Uruguay Round agreement to open its market to pork and poultry imports. The US says months of intensive discussions have not persuaded Manila to implement properly tariff-rate quotas on the products.

Ms. Charlene Barshefsky, US trade representative, said the Philippines had still not authorised pork and poultry imports for this year, and had established an import licence allocation system which discriminated against US products.

In the case of Japan, the US complains that quarantine testing procedures for agricultural commodities are unnecessarily complex and burdensome and violate a WTO requirement that testing be based on scientific principles and risk assessment.

The US complaints are part of a broader effort by US trade authorities to respond to criticisms from Congress that trading partners are systematically discriminating against US farm exports.

Nine of the 25 complaints the US has filed with the WTO in the past two years have concerned agricultural trade.

Ms. Barshefsky is also seeking congressional approval to appoint a senior trade official as her deputy with specific responsibility for agriculture in an attempt to give farm trade a higher priority in Washington.

## WORLD TRADE NEWS DIGEST

### EU heads for Canada film row

The European Union may invoke the World Trade Organisation's dispute-settlement mechanism against Canada over Ottawa's refusal to allow PolyGram, the Dutch entertainment group, to distribute foreign films on the domestic market. PolyGram has been at the centre of a dispute over claims that Canada discriminates in favour of domestic and US film producers and distributors.

Film-making and distribution are among several "cultural" industries which enjoy special protection from foreign competition. The cultural sector is exempt from North American Free Trade Agreement (Nafta) provisions, but a "grandfathering" policy has allowed US film groups to continue distributing Hollywood films in Canada.

Ottawa last month approved PolyGram's application to set up a film production subsidiary, but refused to budge over foreign film distribution. Mr. John Beck, EU ambassador in Canada, described Canada's response as a "half-loaf".

Bernard Simon, Toronto

### China warns on MFN status

China yesterday warned that the US would have more to lose if Washington decided not to renew Most Favoured Nation (MFN) trading status for Beijing. "If MFN were cancelled... the US will be hurt as a result," said Mr. Shen Guofang, Foreign Ministry spokesman.

Mr. Shen said renewal of MFN status, which gives China the same access to US markets as most other countries, would help trade and other ties. "On the issue of MFN, China is not the one that should be worried. The US is the one that should be worried," he said. "Renewing MFN... conforms with the interests of the two countries." House of Representatives Democratic Leader Richard Gephardt said on Wednesday he would probably oppose MFN renewal this year - as he did last year. President Bill Clinton has until June to decide whether to renew MFN status. Congress must then decide whether to accept this or vote to revoke it.

Reuter, Beijing

### Sumitomo-Ericsson venture

Sumitomo Electric of Japan and Ericsson Cable of Norway are setting up a joint venture to manufacture and sell optical fibres in Europe. This is the first joint venture for the two companies and operations are scheduled to begin by the end of next year.

Sumitomo Electric, a leading manufacturer of optical fibre, will provide the equipment and manufacturing know-how, while Ericsson will contribute the site and building. Production volumes and sales forecasts were not revealed. Demand for optical fibre, which is used for high-speed advanced communications, is expected to rise sharply. The Japanese company said it had explored links with Ericsson in order to gain a foothold in the European market.

Michiko Nakamoto, Tokyo

Lyonnaise des Eaux has secured a stake in a company which will manage and improve water supplies in Budapest for 25 years. The contract was signed on Wednesday, two months after a consortium which is majority-owned by Lyonnaise - with RWE Aqua, a German-owned water company, owning 49 per cent - first said it had won the deal. Lyonnaise, which will become the main operator, will be paid together with RWE through management fees based on productivity gains from making the utility more efficient.

Leyla Boulton, Environment Correspondent

## WTO weighs up Fuji-Kodak dispute

By Frances Williams in Geneva

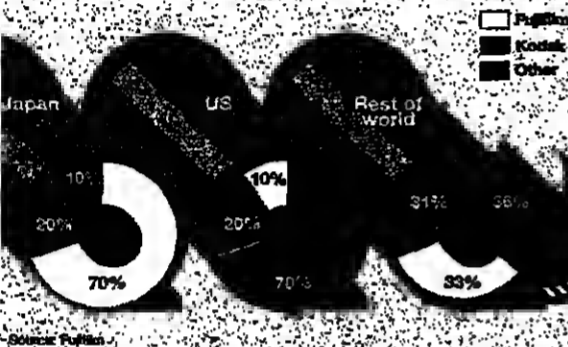
The US and Japanese governments yesterday presented evidence to the World Trade Organisation panel investigating US claims that the Japanese photofilm market is rigged against imports in contravention of WTO fair trade rules.

The dispute arises out of claims by Eastman Kodak of the US that its sales in Japan have been blocked by a series of government measures intended to limit competition with its Japanese rival Fujifilm. Tokyo has dismissed these claims as "groundless".

The panel is expected to issue an interim report before the August break on the complex dispute, which has already generated thousands of pages of documentation.

A final ruling is likely in

### The view from Fuji film market shares



October but if, as seems likely, the case goes to appeal the dispute could spill over into 1998.

Washington argues that various laws and measures taken by the Japanese government over 30 years have aimed to neutralise the effect of tariff cuts on photofilm imports by bolstering Fuji's position in the domestic market. These measures included encouragement for exclusive wholesaling arrangements now dominated by Fuji, restrictions on discount stores and supermarkets that the US says are more likely to stock foreign goods, and strict controls on price competition and premiums that have allegedly stopped Kodak from using

price-cutting and promotions to sell its products.

In written evidence to the panel earlier this month Japan described the US allegations as "completely false". It said there were no government measures that discriminated against imports.

It argues that: ● exclusive wholesaling arrangements are the norm in the photofilm industry worldwide, including in the US; ● there is no correlation between the carrying of imported film and size of store. Moreover, regulations governing the establishment of large stores have been consistently relaxed;

● there are no restrictions on normal or even "aggressive" price, quality or promotional competition, all of which Kodak has used in the Japanese market; ● the "liberalisation

counter measures" which the US says nullified the benefits of tariff cuts preceded the negotiated duty reductions and are no longer in effect.

Even if US claims that these had led to an exclusionary market structure were vindicated, market structure is not covered by WTO rules and cannot be the subject of a panel ruling, Japan says.

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## NEWS: UK

Software is changed to meet imminent effect of extra shares on London market

## Crest acts to prevent share gridlock

By George Graham,  
Banking Correspondent

Crest, the electronic settlement system for London share trades, has acted to prevent gridlock when a flood of shares in converting building societies and life insurers hits the stock market next week.

Its action includes changing computer software and extending opening hours to handle up to 18m new shareholders entering the market.

The next month will be a crucial test run for Crest, which started up last year, as trading begins on Monday in shares of Alliance & Leicester, the first of the building

societies to demutualise. Building societies are mutually owned savings and loans institutions.

If Crest can handle that first wave, brokers will be more confident of its ability to cope in June and July with the flotation of the Halifax and Woolwich building societies, as well as the Norwich Union mutual life company.

The software upgrade was due to start at the end of May, but has been speeded up after Crest ran into difficulties earlier this month.

as dealing volumes surged ahead of the end of the tax year on April 5. For four weeks, the system also plans to open at 05h30 London

time, one hour earlier than usual, to cope with A&L share sales. It has already begun to open at 02.00 on Mondays to handle the backlog from the previous week.

Crest said it was also willing to open on Saturday if members wanted to give them extra time to match bargains.

Mr Ian Saville, Crest chief executive, said he was "confident that these measures will assist the market to handle the expected volumes as efficiently as possible."

Most brokers appear to share that confidence. Mr Ian Wade, deputy chairman of Albert E. Sharp, the regional broker, said: "There

are a few problems in the system, which was hectic until April 5, but we are relatively relaxed."

Mr Michael Marks, chief operating officer for Europe of Merrill Lynch, the large US brokerage, said he was "as confident as humanly possible." He added: "The only caveat I would put is that we are all only as strong as the weakest link."

The new software is designed to ease queueing problems which have left some smaller brokers strapped for cash while they wait for their bargains to be settled.

Brokers had found their cash was being tied up in trades which

could not be settled. If that pushed them up against their credit ceilings with their settlement banks, it led to their other trades being rejected by the system.

The software fix now in operation will set on one side bargains which cannot be settled, instead of letting them to gum up the system.

Crest has had some teething troubles since its start-up last year, but the transfer of securities to the new system from the old Stock Exchange Talisman system was completed on April 7. Crest is now handling 900,000 electronic messages and £14m of cash movements a day.

## Lloyd's to resist critics of capital reforms

By Jim Kelly in London

Lloyd's of London said yesterday that it would stand firm on controversial plans to increase the capital required from Names to support underwriting at the insurance market.

But Names - individuals whose assets have traditionally backed Lloyd's - criticised the "rushed" changes to the reformed market which may result in many leaving Lloyd's or reducing their underwriting capacity.

The measures are designed to improve the so-called "chain of security". They will help Lloyd's in talks to secure a credit rating for the whole market rather than its separate syndicates.

Mr Andrew Duguid, secretary to Lloyd's council, said the reforms improved security for policyholders. "They need to be confident in the market; you are selling reliability," he said.

But one Names' leader said Lloyd's appeared to be biased towards the corporate Names who back 44 per cent of the market. "We do not want to be bullied away from Lloyd's," he said.

Mr Robert Miller, for the Association of Lloyd's Names, said the proposals seemed rushed. "It's being driven by this urge to have a security rating."

Mr Duguid denied that Lloyd's had a hidden agenda and said the plans were "pretty firm". Names have until May 18 to comment.

Most Names - who have unlimited personal liability - hold funds at Lloyd's representing 20-50 per cent of the total business they can back compared with a minimum of 50 per cent for corporate investors.

Lloyd's proposes that the minimum for individuals be raised to 32.5 per cent next year and 37.5 per cent the year after.

The move would require all investors - individual

Lloyd's chain of security	
1st link	£7.5bn
2nd link	£3.9bn
3rd link	£800m
4th link	£300m

and corporate alike - to show evidence of assets totalling 50 per cent of premiums they support. For Names, other personal wealth would make up the balance to 40 per cent in 1998 and to 50 per cent in 1999.

Mr Duguid added that by 2000 individual Names would have to show a further 12.5 per cent in personal wealth - bringing total assets to 62.5 per cent. He said this reflected the risk related to their security. Names could reduce this total by depositing more funds directly at Lloyd's.

Mr Duguid signalled that plans to outlaw the use of Names' homes to obtain bank guarantees as part of their funds at Lloyd's might need more discussion. Names would still be able to use such guarantees as personal wealth.

Lloyd's was also in talks with the Inland Revenue to see if assets held in the market's special reserve fund might be used by Names to compute their personal wealth.

Mr Duguid unveiled further plans to enhance security offered by the other three links in the chain of security. He said the market's premium trust funds should be subject to an investment code rather than the present "hotch potch".

And he added that while Lloyd's was setting down minimum requirements for Names and corporate clients a methodology was already being developed to judge when investors needed to provide greater security and some corporate clients had already met these obligations.

Under the plans all investors would face a risk-based capital analysis.

## Exporters find a challenge in eastern Europe

The Czechs have a novel approach to teabags, as Brash Brothers, an export agent based in the English Midlands, found to its cost. Fewer than a fifth use a teabag just once, and nearly half use it three times or more.

"There's a joke about hanging your teabag on the washing line - well, that's reality in the Czech Republic," said Mr Neil Macfarlane, export manager for the company, which sells instant tea, coffee, confectionery and biscuits.

This is just one of many obstacles exporters looking for repeat sales in eastern Europe must overcome. It emerged this week at a seminar organised by Food from Britain, the government and industry-funded promotional body.

The agency, whose brief is to help reduce the UK's £6bn (\$9.7bn) trade deficit in food and drink, is organising a trade visit to Poland and the Czech Republic in July. It says emerging European markets offer vast potential - especially for ready-made meals, fruit juice, cereals and snacks - for those who

act quickly. People with exporting experience agree, but warn that such business is strictly for those who relish a challenge.

"To do business in Russia you need to be a masochist," said Mr Robert Turner, European general manager of Pritchitt Foods, a manufacturer of formulated milk products with annual sales of £58m.

Russia is expensive, things move slowly and you can run into trouble. But Pritchitt has built sales of £1.5m.

"It is a country with a bad reputation, but endless potential; this is up to you," he told representatives of 35 mostly small and medium-sized companies at the seminar.

The markets of the former Soviet bloc are dynamic, versatile, fragmented and sometimes anarchic. When Pritchitt began trading with Russia three years ago, one of its customers was a small family business that wanted to broaden its range of foods.

"Today the chief executive is 27 and has a turnover in excess of \$40m," said Mr Turner.



'To do business in Russia you need to be a masochist'

The younger generation has the money and is keen to flaunt it, said Mr Robert Amine, an independent consultant who works for food and consumer goods companies like Cadbury's and Kimberly-Clark in eastern Europe. Fashion-conscious young Poles will sit in bars with a bottle of Smirnoff to show they can afford the \$20 imported vodka instead of the \$2 local version, he said. They also like quality, and will save up to pay for it.

This increasingly mobile group should be the target for UK exporters. Mr Macfarlane said young Czechs liked to buy British brands they encountered on visits to London.

They wanted to try new things, with bright packaging, though not wrapped in the Union Jack - "it's outdated now".

One problem for exporting companies is that local manufacturers have sprung up rapidly, offering cheap, good quality competition to consumers who are on average monthly wages of only \$300-\$350.

Mr Amine said exporters should push their brands with advertising on television or glossy magazines. Television advertising in Poland is about a tenth of the cost in the UK.

Alison Maitland

## EU court blocks plan to import cheap tobacco

By Robert Rice,  
Legal Correspondent

A UK company which set up a scheme to import cheap cigarettes from mainland Europe yesterday lost the first round of its legal battle with Customs & Excise in the European Court of Justice. The import system could have cost the UK government £4bn (\$6.5bn) a year in lost tobacco revenues out of a total of £9.5bn.

The scheme set up by the Enlightened Tobacco Company in 1995, using an agent to import leading brands of cigarettes from low-tax European countries and sell them at up to 40 per cent below list prices, was declared unlawful by the court's advocate-general.

In one of the most important tests of the European Union's single market principle, Mr Ruiz-Jarabo Colomer said under EU rules an individual had to bring tobacco back to the UK in person to avoid paying UK excise duty.

If his opinion is followed by the full court it could put ETC, makers of Death cigarettes, out of business. Mr BJ Cunningham, founder of the company, said: "It looks

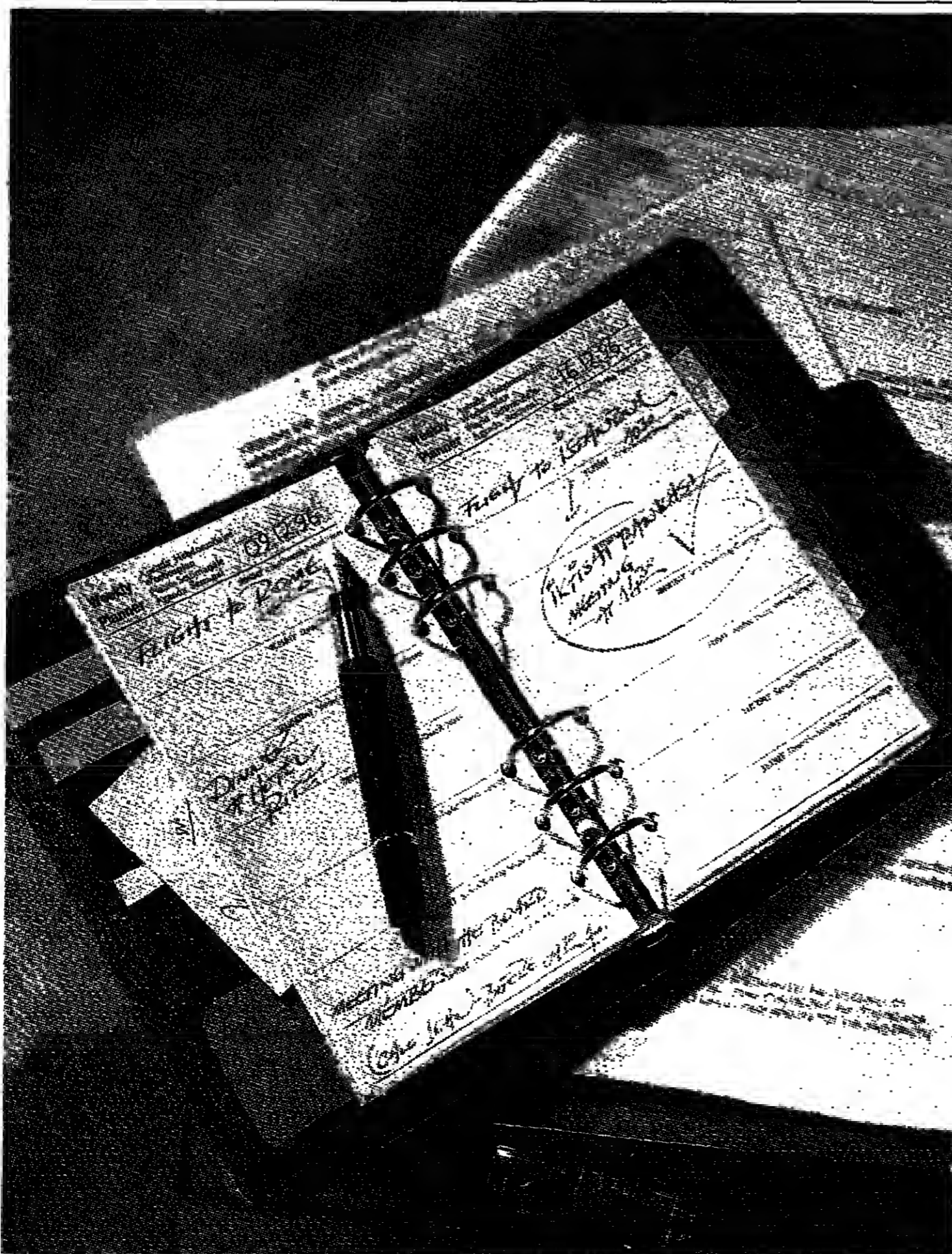
like the end. We've bet our shirts on this. It's a political expedient decision."

A 1992 EU directive says duty can be paid in the country of purchase rather than the country of import only if products are "acquired by private individuals" for their own use and "transported by them". ETC argued the law allowed people to employ an agent to transport the goods for them because "a person who does something through an agency of another does it for himself".

The advocate general said article 8 provided only for "action by the private individual on his own behalf".

Even if ETC loses, it is unlikely that the UK Customs department has seen the last of Mr Cunningham. Through another company, Tobacco Associated Brands, he is already preparing for battle.

TAB makes "241" cigarettes, twice the length of normal cigarettes with the filter in the middle. This is to exploit the fact that cigarettes are taxed per cigarette stick. By leaving consumers to cut them in two, Mr Cunningham hopes to halve the duty payable.



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# PM offers his rebels an Emu concession

By John Gapper in London

Mr John Major, the prime minister, responded yesterday to discontent in the Conservative party over adoption of a European single currency by offering rebels the possibility of a free parliamentary vote on the issue.

Mr Major's suggestion that Conservative MPs would be allowed to vote in the House of Commons after the election in accordance with their consciences, rather than obeying a party instruction, came amid continuing turmoil in the party about European integration.

Mr Major, who on Wednesday

asked Conservative parliamentary candidates not to "bind my hands" in negotiations on a single currency, seemed to make his concession spontaneously when he spoke during a morning press briefing.

The suggestion, which Mr Major later strengthened in spite of an admission from Mr Kenneth Clarke, the pro-European chancellor of the exchequer, that he had not been consulted, provoked further accusations of weakness.

Mr Tony Blair, leader of the opposition Labour party, said Mr Major's appeal to "negotiate and decide" on monetary union was not credible because "John Major may

## The general election campaign

negotiate if he is re-elected, but his party will decide". Mr Menzies Campbell, the Liberal Democrat party's chief foreign affairs spokesman, said that by conceding a free vote Mr Major was "not only abdicating the leadership of the warring Tory party, but capitulating to the Tory Euro-rebels".

Mr Major said he opposed measures in a document prepared by the Dutch government for the inter-governmental conference in

June, constituting "centralism, federalism, and decisions taken by bureaucrats and politicians in Brussels". He insisted that the Conservatives were unified in opposing proposals such as qualified majority voting on industrial and environmental policy, and accused the Labour party of having already signalled a surrender on several issues.

Mr Major said it would be "rather odd" to have a referendum of all British people on the issue of a single currency, and to "drag" MPs into voting in a particular way when the single currency was discussed in parliament.

His suggestion was welcomed by members of the Eurosceptic wing of his party. Mr John Wilkinson, a former Conservative MP who is standing for re-election, said MPs should be allowed to "exercise their unfettered judgment".

Labour said the state health service would be undermined if the Conservatives were re-elected. Labour has promised to add a further £100m (£162m) to the service's £35bn annual budget. But its unwillingness to raise taxes in to increase the budget substantially was criticised by medical groups.

Editorial Comment, page 15

## UK NEWS DIGEST

### Three face NI terror charges

A man appeared in court in Northern Ireland yesterday charged with murdering three British soldiers including Lance Bombardier Stephen Restorick, who was killed with a single bullet in February while manning a checkpoint in the republican stronghold of south Armagh. Mr Martin McGinn, 39, was charged with three murders, possession of illegal weapons, conspiracy to murder and membership of the Irish Republican Army. Mr McGinn, from Castleblaney in the Republic of Ireland, was one of three men in court facing several charges. Mr Martin Mines, 39, from Crossmaglen in Northern Ireland, was charged with IRA membership and conspiracy to murder. Mr Michael Caraher, 30, was charged with attempted murder of a police officer three weeks ago. All three complained through lawyers that they had been assaulted in custody. They all denied all charges. *John Murray Brown*

## THE ECONOMY

### Inflation misses 2.5% target

The government has narrowly missed the target for inflation which it created as the centrepiece of its economic strategy following sterling's ignominious departure from the European exchange rate mechanism in September 1992. Underlying inflation - which excludes mortgage interest payments - fell from 2.9 to 2.7 per cent in March, according to official figures. Most economists expect inflation to drop below 2.5 per cent in the next few months as sterling's strength bears down on import prices. But buoyant domestic spending is expected to see it rising into 1998 as the economy's spare capacity is used up. *Robert Chote*

## CAR INDUSTRY

### Rethink for Ford dealer system

Ford is "changing fundamentally" its relationship with its 380 UK dealers, Ford of Britain chairman Mr Ian McAllister said yesterday. The new emphasis will be on reducing the overall cost of distributing and selling cars, rather than trying to push dealers into selling more vehicles at ever-lower profit margins. Implicit in Ford's approach is the acknowledgment that it is never likely to re-establish the clear UK market leadership it had for much of the 1970s and 1980s. *John Griffiths*

## COMPUTER BANKING

### Citibank launches 24-hour service

Citibank, the global banking organisation, has launched computer-based personal banking to the UK market with Direct Access, its 24-hour, real-time PC service. Citibank has been developing PC-based banking for 12 years and has 350,000 users in the US, where the system has been in place since 1985. The dedicated network service, not available via the Internet, will allow customers who use a modem to dial in and see their transactions, transfer money to other UK accounts in a choice of 15 currencies and transfer funds to Citibank accounts in six European countries. Barclays Bank is to launch a computer-based service on Monday. *Stephen McCookin*

# Europe takes the campaign stage by storm

With two weeks left until the British general election on May 1, the issue of European integration and the single currency has at last burst into life in the campaign. It has done so in a spectacular manner, with the Conservatives now disagreeing openly about monetary union.

Mr John Major, the prime minister, placed the issue at the heart of his campaign this week. He had no choice but to face a growing rebellion inside his own party - even by a number of his own ministers - over his stand on a single currency.

John Gapper looks at drift of the main parties towards Euroscepticism

their election manifestos. The Conservatives declared that "we want to be in Europe, but not run by Europe" while Labour said that "we oppose a European federal superstate".

Both parties attempted to ease the pressures on them over the issue well before the election by saying there would be a referendum on a decision to join a single cur-

rency. Even the centrist Liberal Democrats, the most openly pro-European of the national parties, said it would hold a referendum. Yet during the campaign, neither main party has made much of the positive arguments for joining a single currency.

While both officially say they might join in 1998, they have made louder noises

about standing up against other EU states on issues such as the Common Fisheries Policy.

This is due partly to the effect of the campaign run by the Referendum party, founded by Sir James Goldsmith, the billionaire financier who in 1994 won a French seat in the European parliament. In Britain, he founded the

Referendum party, which argues that its rivals merely promise a "phony referendum" on a single currency, rather than one on whether the UK should accept federalism.

Sir James's rhetoric has had some effect on the electorate, although a MORI poll in The Times newspaper yesterday found that nearly three-fifths of the public sup-

port the idea that Britain should continue negotiating on a single currency before deciding finally whether to join.

Conservative candidates have been especially eager to ensure that voters know they oppose European integration. Many have issued election addresses ruling out voting for a single currency. Mr Major has been forced to allow this, making the best of it by saying that Labour has suppressed similar views.

Since Labour maintains a strong lead in the polls, with 49 per cent support compared with 32 per cent for the Conservatives in the MORI poll, the Conservatives' difficulties appear likely to help ensure their defeat.

The campaign has merely obscured Labour's likely attitude to the EU. While Mr Blair's instincts appear to be to treat a single currency pragmatically, deciding whether to join on economic grounds, he is not immune from old-fashioned nationalism.

"I do understand how passionate people are about the pound," he told The Sun, the biggest selling British daily newspaper, yesterday.

More news of the election campaign can be found at the Financial Times website <http://www.ft.com>

## SENIOR MINISTERS AT RISK IN SCOTLAND

Michael Forsyth (left) and Ian Lang face a hard fight to save their parliamentary seats in Scotland, James Buxton in Edinburgh writes. The governing Conservative party faces severe pressure in Scotland from Labour and the Scottish National party and the two ministers are at risk there.

Mr Forsyth, the chief minister for Scotland, is in grave danger of losing his Stirling seat, in central Scotland, to a Labour challenger. In 1992, when almost 50,000 electors voted in Stirling, he won with a majority of only 703. But boundary changes since then have reduced his

notional majority to only 236 - assuming the electorate votes as it did last time. But Mr Forsyth has won against the odds in each general election he has fought since becoming an MP in 1983.

Mr Lang, the chief industry minister, had a majority of 2,468 over the nationalists in 1992 in Galloway and Upper Nithsdale, in south-west Scotland. The nationalist party is fielding Alasdair Morgan, who was its campaign director at the last election, and believes it can win the seat. Labour and the nationalists are both ahead of the Conservatives in Scottish opinion polls.



MICHAEL FORSYTH

IAN LANG

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3. Supply and supervision of erection of 4 Nos. vertical synchronous generators complete with excitation systems and switchgears (Lot 5).

4. Supply and supervision of erection for I & C and protection systems (Lot 6).

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SPTT invites the Czech suppliers of the above required goods or foreign suppliers of the above required goods which are able to demonstrate their ability to provide locally the implementation and operational support of such a contract, to indicate, by 2nd May 1997 at the latest, their interest to purchase the Bidding Document (prepared in English) for the GFM tender at the address below.

SPT TELECOM, a.s.

Mr. Vlastimil Necas - Manager of Procurement Department

Olsanská 5

CZ-130 00 Praha 3

Czech Republic

fax No (+4202) 691 90 07

The Bidding Document will be made available for sale probably no later than at the end of May 1997 (the exact date shall be confirmed in writing to interested Bidders). The applicants will obtain the Bidding Document upon payment of a non refundable fee of 300 USD. SPTT will provide further details concerning the method of payment and number of bank account for the remittances when interested Bidders contact the above address.

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## MANAGEMENT



John Kay

## Uncertain future

It is not easy to determine how New Labour would ensure that market forces were tempered by fairness

What does New Labour mean for business? There is no shortage of material. The left-leaning Institute for Public Policy Research has produced a report from its Commission on Public Policy and British Business. One of its members, Richard Layard, has a book of his own. (Another of its members is the author of this article). Labour has its business manifesto, and now Will Hutton has followed *The State We're In* with *The State to Come*.

What is most remarkable about all these is what is not in them. All emphasise that the operation of market forces must be tempered by fairness. But none proposes that this will be achieved by government telling business what to do.

The business manifesto too, is almost as far from that as it is possible to go. "To bring about the fair and prosperous society that Labour seeks, we need successful and enterprising businesses making strong profits," says Gordon Brown in his introduction. A far cry from Labour's former promise to secure for workers by hand and brain the full fruits of their labours.

But it is not easy to establish from any of these sources what justifies government interference with the market. Sometimes, especially in the business manifesto and the commission's report, it seems the only appropriate intervention happens when market forces are not competitive enough.

Everyone is emphatic about that: "Competitiveness abroad begins with competition at home" (business manifesto); "British policy has not been tough enough on competition" (Layard); "The primary responsibility of government in this area is to ensure that markets are and remain highly competitive" (commission report); and Hutton wants "a much

tougher approach by the competition authorities to the monopoly implications of takeovers".

There are some who believe that the outcome of competitive markets is itself fair. But none of the authors is among them. The business manifesto contains no reference to fairness - you have to go to the main manifesto for that. But the others do. Hutton offers "a new vision of how to combine a successful market economy with a fair society". For Layard, "a good society provides prosperity, fairness, full employment and security". The commission is more restrained: "We cannot ignore the distribution of economic activity" - although the paragraph that follows gives the impression that it is the cost of policing, rather than a sense of justice, that makes it necessary to reduce inequality.

So when is there a rationale for intervention? How is fairness to be brought in? At this point, there is a real difference between the various different programmes. The business manifesto outflanks all others in insisting that the government should stand aloof: "Business has the best idea of where its own interests lie." True, but do its own interests always align with those of the public? Labour's

Some believe the outcome of competitive markets is itself fair, but clearly none of the authors of these programmes is among them

document evades that issue.

At the other end of the spectrum, Hutton is continually struggling to control his dirigiste instincts. "The balance sheet of gains and losses is much wider than a simple calculus of one firm's profitability". A whole chapter is entitled "Why Markets go Wrong". The commission is more guarded: "While market liberalisation and some deregulation were appropriate, even the strongest devotees of these policies do not claim that they alone were, or are, sufficient to resolve Britain's economic problems." Layard is the most explicit, and, in some ways, the most radical: "The weakness of our economy stems from the same sources as the divisions in our society. But this does not get much beyond the confident assertion that economic inequality is not a necessary consequence of economic growth."

The business manifesto and the commission report, both fearful of offending a business constituency, shy away from any overt critique of unconstrained market forces. Hutton is ready to undertake that critique but bases it on a bizarre combination of the musings of George Soros and Anthony Giddens. Soros, who cleaned up from Britain's ignominious exit from the exchange rate mechanism, and Giddens, the sociologist who heads the London School of Economics, are outstanding in their field, but neither has much to say about the strengths and weaknesses of market economies.

In the end none of these programmes provides a single coherent account of the role, and the limitations, of market forces in modern economies - the defining issue of the New Labour project. For the best statement of these issues, it is better to cross the Atlantic and turn to *Wither Social-*

*ism?*, the reflections of Joe Stiglitz, former chairman of the Council of Economic Advisers, which advises Bill Clinton, the US president.

Stiglitz gives a precise account of the virtues of markets. He identifies the benefits of the process of decentralisation and comparison, of search and discovery, of rewarding successful innovation and penalising failure to respond to consumer needs - all those things which were so disastrously suppressed when eastern European markets were subordinated to political control. But Stiglitz also explains how markets fail when confronted with the need to pool certain kinds of risk, and he identifies their weakness in generating and processing information, and how they can give rise to too many financial services and too few public goods.

That analysis defines the proper boundaries of public and private action. It lays out the middle ground between Old Labour's denunciations of the tyranny and anarchy of the market, and the Panglossian New Right claim that whatever emerges from market processes is for the best. It is on that middle ground that this, and future elections, need to be fought.

*What Labour Can Do*, Richard Layard, Warner Books 1997.

*Commission on Public Policy and British Business - Promoting Prosperity*, Vintage 1997.

*The State to Come*, Will Hutton, Vintage 1997.

*Equipping Britain for the Future - Labour's Business Manifesto*.

*Wither Socialism*, Joe Stiglitz, MIT Press 1993.

John Kay is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.

It is reported that a child, confronted with the majestic bulk of the writer G.K. Chesterton, asked "Mummy, what is that man for?" The question could be applied to Tom Peters, the archetypal management guru, who earns perhaps \$8m a year from speaking engagements and whose main achievement is a celebrated book - *In Search of Excellence* - which, by his own reckoning, almost no-one has read in detail.

Among the bumber ranks of academics and consultants - both of which Peters once was - he is often written off as a mountebank, a kind of managerial holy roller, whose books have not stood the test of time but who can still charge \$100,000 a day for haranguing the converted.

The reality is more complex. Although Peters' function may seem elusive, he is taken seriously by some surprising people. Jack Welch of General Electric tells Crainer he is "enormously impressed" by Peters' work. Another heavyweight industrialist, Percy Barnevik of ABB, appreciates Peters' hands-on, flexible approach: "He thinks like a manager, not an academic."

He certainly does not think like the average consultant. His six books, he says, could be by six different authors: "I regard inconsistency as a compliment." Nor does he accept the guru label. "I just talk about stuff I've seen, try to confuse people I talk to... There are no answers. Just, at best, a few guesses that might be worth a try."

This is a touch disingenuous. Peters represents a not uncommon American phenomenon: the man with solid academic credentials - one thinks of Welch and Iacocca - who puts himself over as an average Joe.

Thus, Peters' folksy approach disguises the fact that he graduated second in his civil engineering class at Cornell, and has an MBA and PhD from Stanford. Even before *In Search of Excellence* made him famous in 1982, he was teaching Stanford business classes.

Similarly, his latter-day emphasis on creative disorder - another of his books is called *Thriving on Chaos* - is at odds with the discipline of his early years. Not only did



Book Review · Tony Jackson

## Excellence explored

Tom Peters can claim to have invented an industry

**CORPORATE MAN-TO-CORPORATE SKUNK: THE TOM PETERS PHENOMENON**  
By Stuart Crainer  
Capstone Publishing  
£18.99, 304 pages

he spend four years as a military engineer in Vietnam, he also spent seven successful years at that most notoriously buttoned-down organisation, McKinsey.

As pictured by Crainer, Peters acts best as a kind of mediator, a voracious reader who latches on to early ideas - often academic - and passes them on to a wider audience. In his own descrip-

tion, he is "a translator who is good at finding interesting examples which make it relevant to people".

He is also a master of timing. *In Search of Excellence*, with its soothing analysis of supposedly outstanding American corporations, came just as US industry was starting to panic about the threat from Japan. *Thriving on Chaos* (1987) anticipated the vogue for change management. *Liberation Management* (1992) raised the now ubiquitous topic of intellectual capital and bow best to exploit it.

None of this, perhaps, justifies a book about him. But as Crainer argues successfully, Peters has a wider significance. His ideas may be nebulous, his theories

ephemeral, what matters is the fact of his existence.

As Crainer puts it, while Peters was by no means the first guru, he created the guru industry. He did so "not through his academic credentials, nor through the diligence of his research or even the originality of his ideas... [but] through his performances, the sheer weight of his personality".

Others have hopped on the bandwagon. Steven Covey (*Seven Habits of Highly Effective People*) and Michael Hammer (*Re-engineering the Corporation*) apparently belong to the select few who can charge up to \$50,000 per session, 100 days a year. The market for guru performances - leaving aside book sales - is estimated by Crainer at just under \$1bn a year.

What on earth for? "All executives", Crainer says, "have an unquenchable desire for instant solutions... *The One Minute Manager* has been bought by millions. Would harrishers buy *The One Minute Advocate*? We all know the answer."

At the root of the phenomenon, Crainer suggests, is the fact that managers are slightly ill at ease with the worth of their profession. This is of course, a situation which Peters has helped to bring about.

The influence of gurus, says Crainer, divides the further you go up the corporate ladder. Middle managers are often short on self-belief. The people who make it to the top have more confidence in their own solutions.

Now that Peters is in his mid-50s, his career may be ebbing. According to Crainer his last two books - the painfully named *The Pursuit of Wow!* and *The Tom Peters Seminar* - are evidence of an intellectual dead end. Judging by a slide which Peters uses in his presentations, reading "Excellence! Pretzel Crumb-ness + WOW!", this may be understating things a little.

Still, not everyone can claim to have invented an industry. And as Peters sits in his Vermont farmhouse he is bound to reflect that he has had a good run.

*Corporate Man to Corporate Skunk* is available from FT Bookshop by ringing FreeCall 0500 500 635 (UK) or +44 181 324 6511 (outside the UK). Free p&p in UK.



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## ARTS

## Music makes the world go round

The Philharmonia is on the move again. Richard Fairman reports

This week the Philharmonia announces a new residency at the Megaron in Athens. It will involve the orchestra in a stay of 10 to 12 days each year, programming an opera and a couple of concerts for each season. Tying an umbilical link with a city on the other side of Europe may seem strange, but it shows how far orchestras are having to go to secure their future.

For London's poor self-governing orchestras there is only promise of further upheaval. Although nothing has been said officially, it seems the South Bank is optimistic of news shortly on its application for a lottery grant of up to £13m to undertake Richard Rogers's large-scale upgrading of the whole arts complex. The Royal Festival Hall's resident orchestras are being told the hall will close in mid-1999, with a formal re-opening scheduled to coincide with the 50th anniversary of the Festival of Britain in 2001.

Ironically, it was the threat of being shut out of the South Bank

that spurred the Philharmonia to look overseas for a port in the storm. That was in 1993 when the Arts Council had decided there should only be one resident orchestra at the RFI and strings were being pulled no high to make it the London Philharmonic. Just when it looked as though the Philharmonia might be finished, a combination of high-level contacts and French artistic pride landed it a valuable prize - a residency across the Channel at the Théâtre de Châtelet in Paris.

This was a unique venture and in retrospect a highly important one. Orchestras simply did not enter into long-term agreements with concert-halls in another country, least of all a London orchestra gobbling up a significant slice of Paris's arts subsidy. Under European law there was

little the French unions could do about it, but the audiences made their feelings known. David Whelton, the Philharmonia's managing director, is able to look back on the orchestra's first appearance at the Châtelet with a certain degree of amusement now.

"In a word we were booed off. We had been very fortunate in pulling off major sponsorship from Rover France, which was worth about £500,000 to us. The opening night of *La traviata* was the first opportunity the company had to demonstrate the value of that sponsorship to their clients and the parent company, so we were inundated with VIPs. But by the interval it was clear that we weren't exactly going to get a warm reception. At the end there was a tremendous outburst of boos. The

boss of Rover France just said to me calmly, 'David, were you expecting that? I wanted to jump out of the highest window I could find'.

Four years on, the controversy has died down and the value of the partnership has become clear to both sides. France has traditionally funded the arts more liberally than the UK, so the Philharmonia has had the opportunity of putting together high-quality performances for the Châtelet and then bringing them over to the South Bank, when it can. The top performers can be enormously expensive and it is an extra incentive if they can be offered a deal that takes in London and Paris, not to mention the other links the Philharmonia

has forged in Salzburg and now in Athens.

Whelton sees this as part of the fast-changing world orchestras must face. "We have to be aware of the changing needs of the market. I don't think the one-off concert is going to survive much longer, except with megastar soloists and conductors, which makes it horribly expensive. We need to build long-term relationships with our audiences and I block a residency is the way to achieve that. It is especially relevant in the UK regions, where we do more than a third of our work. Look at our residency in Bedford, for example: we hope people there will think of coming to a Philharmonia concert as if they are going to see the local football team."

Hardly less important is the

implication for the budget. When the classical record industry went into its sudden decline, the London orchestras lost an important source of their income. For the Philharmonia, the residency at the Châtelet has helped plug that gap. The money is assured income for a given period of each year and is not a negligible amount, according to Olivier Boulard, the Châtelet's administrator of productions. "In comparison with other orchestras, such as the Royal Amsterdam Concertgebouw or the City of Birmingham Symphony Orchestra, the Philharmonia has a very good price, thanks to this relationship. The contract is for a fixed sum in French francs updated annually according to inflation, so on our side there is at least the security of knowing how much we will have to pay."

The residency at the Châtelet looks set to continue, although that will depend on the new general director, Jean-Pierre Brossmann, who takes over formally in the autumn. His predecessor, Stéphane Lissner, the prime architect of the Philharmonia's presence in Paris, is going to the Aix-en-Provence festival, where the orchestra may yet find itself spending its summers under the Provence sun. Perhaps there are worse fates than being a rank-and-file viola after all.

For Athens, meanwhile, there are major projects in hand. Helena Matheopoulos, the Philharmonia's vocal consultant, made the link to Athens happen and is planning the operas to be seen both there and in London. *Salome* is fixed for 1998. Verdi's *I vespri siciliani* for 1999, and Wagner with Christoph von Dohnányi, the orchestra's principal conductor designate, is a strong possibility for the future. After that, where next? There is some not-quite-idle talk of a tie-up with Tokyo. The international orchestra could be a creature of the next millennium.

## Theatre

## A playwright in performance

Is there one definitive style for acting Harold Pinter's plays? In the 1960s, Peter Hall was the first director to demonstrate a style for performing Pinter that seemed definitive. That style was part and parcel of the style that Hall was developing for the Royal Shakespeare Company, which he directed in that period. Pinter declared himself satisfied at the time, and that style is, I believe, the one in which he now directs his own plays. Witness his superlative staging of *Landscapes* in 1994 and of *Ashes to Ashes* in 1996. In that style, one is very much aware of the famous/notorious Pinter pause; of the internal rhythms of his lines and the connective rhythms of his dialogue; of the weight of what is left unsaid. One is equally aware of the eloquent spaces between characters; and between play and audience.

Yet - how strange - this is not quite the style Pinter himself employs when he acts in one of his own plays. Possessed of great vocal and physical authority and menace, he takes you by surprise with the lightness, urbanity, and naturalism of his acting. Last week, he opened the second Pinter Festival at the Gate Theatre in Dublin, in his play *The Collection*. This is the play that first brought Pinter into collaboration

with Hall and the RSC in 1962; he plays Harry (a role previously taken, onstage or on TV, by Griffith Jones, Michael Hordern and Laurence Olivier). Pinter is remarkably brisk and funny, lighting up the play in his every scene with the dynamic flair of his delivery, and at times coming more close to Noël Coward style than one might have imagined possible from him. More interesting yet is the fact that one is never aware, with him, of a single pause. The more contrived kind of Pinter pause - the wait-and-see, listen-how-time-is-passing kind - is, refreshingly, absent. Whereas Pinter style has often involved a degree of manipulating the audience, Pinter himself seems more concerned to entertain.

*The Collection*, a dark comedy, is one of those several early Pinter plays where he seems very akin to Joe Orton: proto-Orton, one might say. Four characters, in two households, find themselves connected in strange, witty, and alarming ways after Stella has (apparently) told her husband, James that Bill, who lives with Harry, had spent the night with her last week in a hotel in Leeds. But what did go on between them? And how does it affect their respective partners? James

goes to investigate Bill, but is he vengeful? Defeatist? Desirous? Bill, who tells him several different versions of what went on with Stella, is something of a Mr Sloane type: naughty, boyish, light-weight, sly, provocative in several different ways. Later, Harry goes to investigate Stella; and his method is more that of the suave seigneur. Every scene is a power-game, and every character has his or her little victories and defeats.

Alan Stanford, directing, ensures that each of the four characters is at times fascinatingly inscrutable; and makes the most of the cat-and-mouse games that the three men play with each other. As Stella, Ingrid Craigie is rather too monochrome and forlorn. But Frank McCusker plays the roguish Mr Sloane bisexual ambiguities of Bill to the hilt; and "to the hilt" is, by the way, a phrase he turns to full phallic suggestion. Gerald McSorley, as James, is compellingly morose: initially in immobile depression, later responding to Bill, now like a detective to a criminal, now like a moth to a flame.

Alastair Macaulay

The Pinter Festival at the Gate, Dublin continues until April 26.



Pinter in Pinter: brisk and funny, one is never aware of a single pause

## Herbaceous banter

Last year the RSC put on Peter Whelan's new play *The Herbal Bed* at Stratford, and then in the Barbican's Pit. It pleased so many people that it has transferred to the intimate little Duchess Theatre in the West End. Good for the Duchess, which has been wasted for most of a decade on *No Sex Please - We're British! Run for Your Wife!* and *Don't Dress for Dinner*.

Good for Whelan too, whose ingenious concoction starts several unconvincing hours before revealing them all to be mechanical rabbits. Similarly with the come-on for the play, which is that it concerns an historical daughter of Shakespeare, Susanna Hall; in fact Shakespeare has

nothing to do with it. As the author declares, *The Herbal Bed* "was never intended as historical documentary".

It is not even historical pastiche, but simply a fantasy around the meagre facts about Susanna, which include her marriage to Dr John Hall; her defamations suit against one Jack Lane, who claimed she "had the runings of the reynes"; gonorrhoea, it is thought - "and had been naughty"; with Rafe Smith; and finally the epitaph on her tomb, which praised her as "witty above her sexe" but "wise to salvage", an angel of mercy to all.

Whelan translates her merciful "comforts cordial" into potent herbal cocktails. Susanna (Teresa Banham) has learned much from her physician-husband; she refills his clients' prescriptions when he is away, and even recognises and treats her dying father's gonorrhoea when her husband has overlooked it. Odd, that - since Dr Hall is otherwise presented as a medical genius; but Whelan wants to explain away the gonorrhoea-charge against Susanna as Jack's misreading of her innocent potion-brewing.

Nonetheless she has been carrying on with smouldering, romantically rumpled Rafe (Richard Hawley) - just short of consummation. His wife has been frigid since the deaths of their two children; Susanna has long accepted that her own husband is married to his profession, but she misses warm erotic contact. Rafe is eager to provide that, despite Puritan instincts that cause him grave doubts. Susanna presses a hold philosophical proposition, that every individual person is distinct from the roles she plays (wife, mother,

doctor's helpmeet), and so there is no such thing as adultery. But it is never debated; Rafe is unconvinced and unhappy. When the nasty crunch comes, facing up to the defamations-suit distresses everybody. At the tribunal, they are all lying.

Susanna is the coolest liar - and the prosecutor-clerke himself (Stephen Boxer), who rightly believes nobody subsidises at last into grimacing acquiescence, observing that even excommunication cuts little ice nowadays. In short, *The Herbal Bed* is a gently cynical modern comedy, deftly played, in which nobody wins but nobody loses very badly either.

David Murray

## Concert/Andrew Clark

## Sibelius's uncut diamond revealed

Great composers rarely allow us to glimpse the creative struggle behind their masterpieces - but when they do, the achievement somehow seems greater. In the case of Sibelius's Fifth Symphony, which the BBC Scottish Symphony Orchestra explored on Wednesday in the form of a documentary concert, the three-movement work much loved by audiences today is all the more remarkable when set in the context of the original four-movement version.

The BBC SSO's concert in Glasgow, conducted by its Finnish music director, Osmo Vänskä, included substantial extracts from this earlier version, played for the first time outside Finland. Vänskä's world premiere recording of it created a sensation a year ago, because it revealed a stepping-stone in Sibelius's stylistic leap from the austere harmonic extremes of the Fourth Symphony to the compressed fluency of the Fifth's final version. The BBC SSO took this educative process a stage further, using extracts from the composer's letters and archive recordings of his brisk, business-like voice.

Sibelius completed the first version by his 50th birthday in 1915. Already a national hero, he could have sat back amid the acclaim that greeted the new work. But a second version followed, and only after conducting a third in 1919 did he pronounce himself satisfied.

The 1915 version is like an uncut diamond - but a diamond nonetheless. The themes are all there, but the orchestration is different, and for anyone familiar with the finished version, the music comes across in a dream-like haze. It is darker, more long-winded and - most surprising of all - more harmonically adventurous. The majestic "swan hymn" of the finale is interrupted by dissonant brass, like an evil menace trying to hold up the music's progress. By removing this flash of modernism, one key superim-

posed on another, Sibelius gave the final version a sunnier, more down-to-earth quality.

Elsewhere, the 1915 version offers fascinating insights into the way he assembled his themes and edged his way forward by ruthless elimination. For the published version, for example, he fused two freestanding movements into a more powerful opening statement. He introduced tempo variations to generate tension and energy, driving the music almost out of control in the run-up to the first movement's coda - a point vividly underlined by Vänskä.

But the biggest insights came in the comparative illustrations of the finale. The opening string theme of the finished version is, in fact, a transformation of a woodwind chorale in the original *Andante*. And whereas Sibelius initially linked the thunderous closing chords with leisurely strings, he isolated them for the finished product, to far greater dramatic effect. Hearing these passages side-by-side was like looking over the shoulder of a genius.

In an ideal world, we would have had a complete run-through of the original version. This was vetoed by the Sibelius family - an incredibly short-sighted view. There were limitations, too, in the BBC SSO's choice of material. More evidence was needed of the psychological processes which led to Sibelius's late style; why, for example, did he iron out those dissonances?

But there were plenty of good quotes: not just the familiar ones on God and critics, but about his treatment of themes, which Sibelius likened to re-arranging the tiles of a mosaic: "I am a slave to my themes and I submit to their demands." As the BBC SSO clearly fired up by Vänskä, showed in this illuminating presentation, the composer meant every word. Anyone interested in Sibelius should listen to the Radio 3 broadcast on May 10.

## INTERNATIONAL ARTS GUIDE

## AMSTERDAM

CONCERT  
Concertgebouw Tel: 31-20-6718345  
● Nederlandse Kamerorkest: with conductor Philippe Entremont and pianist Titi Feller performs works by Martin, Mozart and Honegger; Apr 19, 20, 21, 22

## BARCELONA

EXHIBITION  
Fundació Antoni Tàpies Tel: 34-3-4870315  
● Marcel Broodthaers Cinema: exhibition focusing on the role of film in the work of the Belgian artist who used the medium throughout his career as a device for questioning the nature of art, its function and the context in which it is produced and exhibited; in Jun 15

## BASEL

EXHIBITION  
Kunsthalle Basel Tel: 41-61-2724883

● Albert Oehlen: exhibition of paintings by the contemporary German artist who uses his work to address issues of popular myth and spiritual and political history; to May 25

## BERLIN

CONCERT  
Konzerthaus Berlin Tel: 49-30-203080  
● Orchester der Deutsche Oper Berlin: with conductor Jiri Kout and cellist Siegfried Palm performs works by Mendelssohn, Blacher and Dvorák; Apr 22  
Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383  
● RIAS-Kammerchor: with conductor Marcus Creed performs works by Brahms, Ligeti and Hotteliger; Apr 20  
● Berliner Philharmonisches Orchester: with conductor Daniele Gatti performs works by Berlioz, Liszt and Bartók; Apr 21, 22, 23

## BRUSSELS

THEATRE  
Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944  
● Othello: by Shakespeare. Directed by Franz Marjnen, performed by the Koninklijke Vlaamse Schouwburg. The cast includes Bert André, Sandrina André, Hubert Damen and Blen de Moor; to Apr 27

## CLEVELAND

EXHIBITION  
Cleveland Museum of Art Tel: 1-216-421-7340

● Alone in a Crowd: Prints of the 1930s-40s by African-American Artists from the Collection of Robert and Dave Williams: display of 100 prints by artists including Charles Alston, Elizabeth Catlett, Hughie Lee-Smith and Hale Woodruff, providing insight into the African-American experience in a range of styles; from Apr 22 to Jul 6

## DUBLIN

MUSICAL  
Olympia Theatre Tel: 353-1-771020/782153  
● JFK: by Holt and Sawyer. Directed by Larry Fuller. The cast includes Maurice Clarke and Monica Ernesti (premieres); Apr 21

## FRANKFURT

EXHIBITION  
Museum für Moderne Kunst Tel: 49-69-21230447  
● Views from Abroad: European Perspectives on American Art II: the second part of the Gallery's exchange of exhibitions with the Whitney in New York. Artists featured include Andre, Baldessari, Cage, de Kooning, Hopper, Pollock, Viola and Warhol; to May 4

## LEIPZIG

CONCERT  
Gewandhaus zu Leipzig Tel: 49-34-12700  
● La Damnation de Faust: by Berlioz. Conducted by Fabio Luisi, performed by the MDG-Sinfonieorchester, Chor and Kinderchor. Soloists include

mezzosoprano Julia Varady, tenor Vinson Cole, baritone Philippe Rouillon and bass Francesco Elero d'Artena; Apr 20

## LONDON

CONCERT  
Royal Festival Hall Tel: 44-171-9604242  
● BBC Symphony Orchestra: with conductor Jiri Belohlavek and pianist Garrick Ohlsson performs works by Prokofiev, Bartok and Schubert; Apr 21

EXHIBITION  
National Portrait Gallery Tel: 44-171-3080055  
● August Sander: major retrospective exhibition of the work of the German photographer. In a series of uncompromisingly direct photographs Sander recorded rural and urban society in Germany both before and after the First World War. The selection of 200 photographs on display, drawn from Sander's own collection, includes a high proportion of previously unseen images; to Jun 8

Tate Gallery Tel: 44-171-8878000  
● Turner's Watercolour Explorations 1810-1842: display of Turner's watercolours selected from the Colour Beginnings collection; a group of 390 pieces, some highly abstract and many, until now, unidentified. The majority of the works are studies, but there are also a number of finished pieces, most famously "Loss of an East Indian", one of Turner's graphic shipwreck

scenes; to Jun 8

## MILAN

CONCERT  
Teatro alla Scala di Milano Tel: 39-2-88791  
● Maurizio Zannini: the pianist performs works by Mendelssohn; Apr 21

## NEW YORK

EXHIBITION  
MOMA - Museum of Modern Art, New York Tel: 1-212-708-8400  
● After Artaud: this exhibition presents a selection of works intended to illustrate the influence of Antonin Artaud (1896-1948) within contemporary culture. Although the ravaged and fragmented images of the body executed by Artaud in the 1940s, and his disturbing, obsessively drawn portraits and self-portraits were little known until recent years, their impact in the realm of the visual arts is readily apparent; to Apr 29

OPERA  
Metropolitan Opera House Tel: 1-212-362-5000  
● Madame Butterfly: by Puccini. Conducted by John Fiore, performed by the Metropolitan Opera. Soloists include Maria Spasagna, Walter Francisco and Frederick Burchinal; Apr 21

## PARIS

CONCERT  
Théâtre des Champs-Élysées Tel: 33-1-49 52 50 50

● Wiener Philharmonisches Orchester: with conductor Sir Simon Rattle performs works by Haydn, Strauss and Berlioz; Apr 21

## EXHIBITION

Galerie Nationale du Jeu de Paume Tel: 33-1-47 03 12 50  
● Bernard Moninot: display tracing the development of the Frenchman's work from his first designs on glass in the early 1980s to recent engravings on carbon paper; to May 16

## VIENNA

EXHIBITION  
Kunsthause Wien Tel: 43-1-712495  
● Schmidt-Rottluff: the comprehensive exhibition of the work of the German expressionist Karl Schmidt-Rottluff comprising around 180 works; includes paintings, drawings, watercolours, etchings, woodcuts and sculpture; to Aug 24

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## FINANCIAL TIMES

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Friday April 18 1997

## Israel needs a fresh start

In April 1977, Yitzhak Rabin resigned as Israeli prime minister after his wife was fined for holding illegal bank accounts in the US. Almost exactly 20 years on, his successor Mr Benjamin Netanyahu has vowed to fight on as premier in spite of a voluminous police report recommending he be indicted in an influence-peddling scandal.

The parallels between the cases are not exact. But the ignominious end of Rabin's first term – followed by an election which brought the Likud party to power for the first time – is an ill omen for Mr Netanyahu. Israel's attorney general may yet decide, as the prime minister is obviously calculating, not to press charges in the coming days. Even so, his credibility in government will have been fundamentally – possibly fatally – undermined.

The consequences are potentially far-reaching, not least for the peace process between Israel, the Palestinians and the wider Arab world. Mr Netanyahu was at most a half-hearted participant in more propitious times. Elected with a wafer-thin majority last year on a ticket of "peace with security", he repeatedly expressed his distaste for the Oslo accords with the Palestinians while pledging simultaneously to implement them.

**Sensitive issues**

The effect has been a policy zig-zag, in which grudging moves in line with Oslo are followed by ill-considered concessions to domestic hardliners on sensitive issues such as Jewish settlements and Jerusalem. The outcome – visible in rising Palestinian unrest in the West Bank and Gaza Strip, a closing of ranks against Israel by the Arab states, and growing international isolation – was grimly predictable. Israelis, pace what they were promised at their last election, have gained neither peace nor security.

If Mr Netanyahu clings to office in his weakened state, with a further hardening of policy to curry favour with his rightwing and religious party

critics, the current barely convincing efforts to relaunch negotiations can be all but written off.

For Israel's body politic, the prospect is no more pleasing. It is a credit to the openness of Israeli society that the police were able to proceed without interference in their investigation, and that the public expects government law officers to decide strictly on the merits of the case. But whatever the degree of Mr Netanyahu's personal involvement, the affair paints a squalid picture of corruption and incompetence, in which justice is traded for influence and a handful of small but wealthy religious parties exercise disproportionate leverage on power, whichever party leads the government.

## New start

What Israel needs is a new start. The trouble is that, thanks to the country's impossibly complex new constitution, it is unlikely to get one through action in the Knesset. Under the rules that made him the first directly elected premier, Mr Netanyahu is hard to dislodge.

The onus is thus on the prime minister himself. If the attorney general does decide to proceed with charges, he should resign forthwith and precipitate new elections. No democratic leader could expect to remain in office while facing trial on charges of this kind.

But even if charges are not pressed, the prime minister should consider his position. The taint of the current case will not leave his government. In such a climate his room for political manoeuvre – at home and in the peace process – can only shrink to vanishing point.

Israelis are understandably weary of endless electioneering, and there is no guarantee that any fresh poll would produce a dramatically different result from the last one. But the past year has amply demonstrated Mr Netanyahu's strengths and weaknesses. He should give the electorate a chance either to reinforce his mandate or to throw him out.

## British jobs on the line

Of all the doubts surrounding Labour's plans for government perhaps the greatest concern is for employment policy. Can Labour, if elected, fulfil its promises to promote workers' interests without compromising Britain's hard-won reputation for competitive and flexible labour markets? Or will the unions, free of Tory rule, demand more in pay and rights than the country can afford?

As the Conservatives rightly point out, Labour consistently opposed the trade union legislation of the 1980s and other Tory policies designed to reform British industrial relations. Thanks partly to these reforms, Britain's strike record is now among the world's best, and its flexible labour markets are the envy of the rest of Europe. The unemployment rate, in which a further fall was announced this week, is among the EU's lowest.

Labour's business manifesto insists that there will be "no repeal of the main elements of the 1980s industrial relations legislation". But the pressure for repeal persists: witness the interim agenda for the conference of Usdaw, the shipworkers' union, later this month. This includes demands for reversing Tory union laws.

Labour's plans for a minimum wage also raise serious anxieties. If it were set at a low level, say £3 an hour or less, it would be an irritant to free-market theorists but present few practical problems. However, if the minimum wage were set high, say at above £4, it could create unemployment by encouraging employers to sack low-paid staff.

## Devil in the detail

It is similarly difficult to see what good might come of Labour's plans for statutory trade union recognition. In theory, the case that workers should have rights to choose their representatives for negotiations with employers has merit. But the devil is in the detail: statutory recognition could become mired in legal and demarcation disputes.

The potential impact of Labour's proposal to sign the

EU social chapter is also unclear. If the social chapter were limited to its present two clauses – on unpaid maternity rights and works councils – it would be no threat to the UK's competitiveness. But if it were extended to include costly regulations of the type seen elsewhere in Europe, the fears of the many British industrialists who oppose it could be justified. However, there is little in the pipeline. Far from exporting their rigidities to the UK, other EU countries seem to want to cut labour costs British-style. But since no one knows what other EU states will eventually do, signing the social chapter carries some risk.

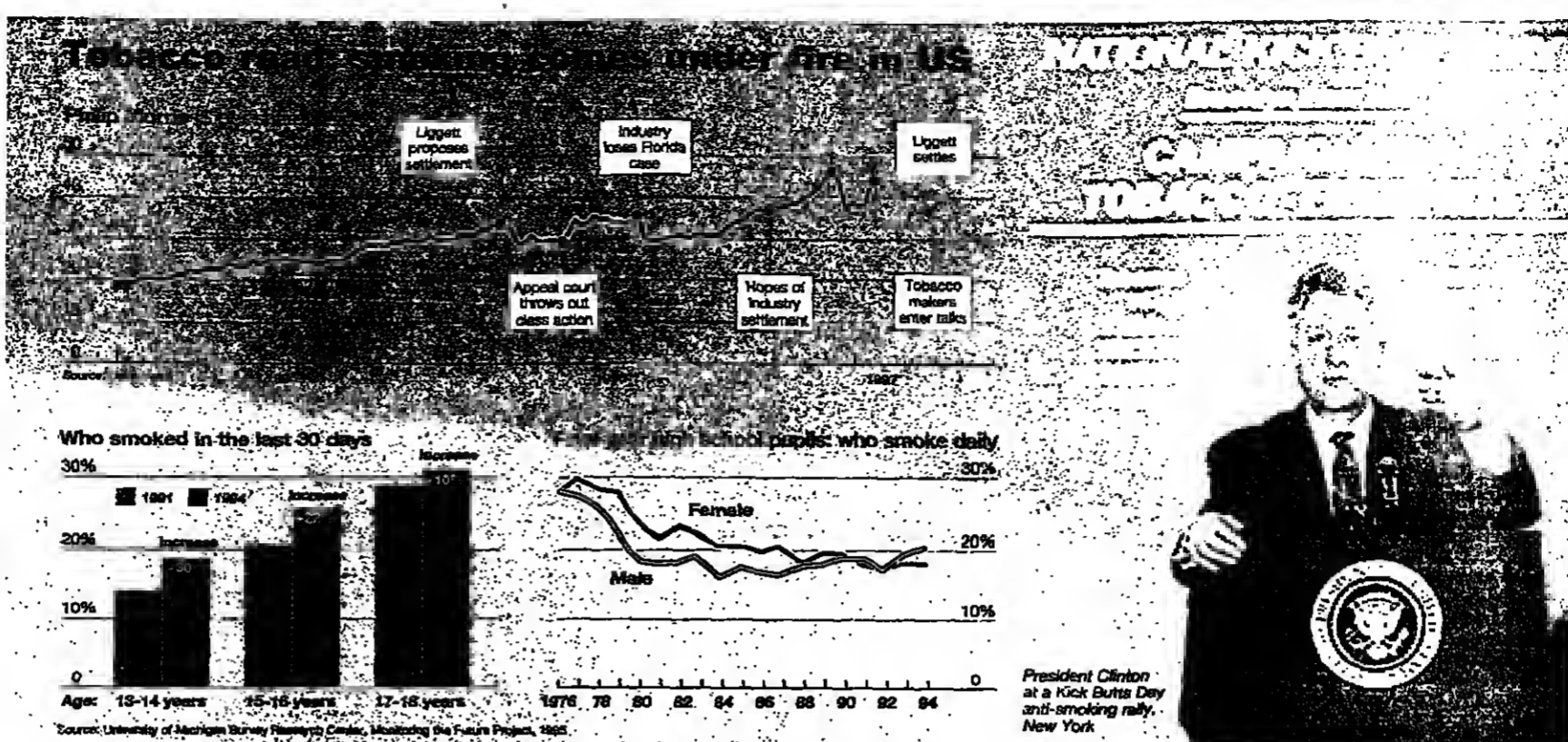
## Good intentions

It is conceivable that Mr Blair's programme could be hijacked by more radical elements in his party following a Labour victory. His good intentions might be swept aside, for example, by union demands for German-style unemployment benefits, large increases in public-sector pay or a strengthening of unions' legal rights.

However, this seems unlikely. Mr Blair has shown himself an effective and determined leader in the reform of his party, particularly in distancing it from the power of the unions. He says that he wants to be prime minister for more than one term. He would therefore be foolish to risk electoral betrayal on this critical issue.

Moreover, economic realities make a resurgence of trade union militancy improbable. Membership has fallen from 13.3m in 1979 to about 8m. Technological advance has broken up many of the large factories which formed the unions' traditional recruiting grounds. Changing management practices have closed gaps between bosses and workers. Above all, there is a much greater awareness on both sides of industry of the imperatives of international competitiveness.

A Labour government might not do much to improve British industrial relations, but if it stuck to its promises it would do little harm.



## Lit up for the future

Richard Tomkins and Bruce Clark on why the tobacco companies are negotiating over health claims – and the obstacles to an agreement

**W**ait a moment. The US tobacco industry is on the run: besieged by anti-tobacco litigation, it is seriously discussing the idea of paying out the mind-boggling sum of \$300bn over the next 25 years in return for an act of Congress protecting it from future claims. But when news of the clandestine talks breaks, the leading cigarette makers' share prices leap by more than 10 per cent. Has the stock market gone crazy, or what?

The answer, of course, is the latter. The US tobacco industry has a long history of emerging triumphant from deals intended to accelerate its demise. Health warnings on cigarette packs, introduced in the 1960s, proved more effective in giving the industry a defence against lawsuits claiming smoking-related health damage than in reducing cigarette sales. The ban on television advertising, introduced in the 1970s, actually increased cigarette sales because, as part of the deal, the government agreed to drop its anti-smoking public service announcements.

Still, something must have changed, or the tobacco companies would surely have come to the negotiating table sooner. And indeed, it has. If the tobacco industry is not exactly on the run, it is at least wavering in the face of mounting legal, regulatory and political pressures.

To take a few recent developments, President Bill Clinton has given the Food and Drug Administration powers to regulate the industry and its sales practices as part of a crackdown on underage smoking. Some 23 states have filed lawsuits against the industry claiming compensation for the cost of treating smoking-related illnesses. Lawsuits on behalf of individual smokers, and class action lawsuits on behalf of groups, are mounting after a landmark damages award to a Florida smoker last August. And Liggett, the smallest US tobacco company, last month agreed to hand over sensitive internal documents as part of a deal with anti-tobacco claimants.

One big problem that has long bedevilled the relationship between US tobacco companies and their shareholders is the effect of the litigation threat on tobacco shares. Cigarette companies' shares trade at a big discount to the market average because of the fear that, one day, the litigation dam will burst, and tobacco companies will go to the wall. Until recently, the tobacco industry had hoped that by pouring its resources into fighting and defeating all the litigation brought against it, it would eventually persuade the stock market that the industry was invincible. Then, the thinking went, the stockmarket discount – and the litigation – would disappear.

But that policy has failed. In the past three years, the legal challenges, far from going away, have mounted – partly because America's ever-inventive trial lawyers have been testing new legal theories on the tobacco industry, such as claiming for the consequences of addiction rather than health damage. Leaked internal documents have also given claimants fresh hope of showing that the industry concealed knowledge about the risks associated with smoking.

With so many legal attacks facing the industry on so many fronts, it is almost certain that some will succeed. So the tobacco companies have been forced into an about-turn – not so much by the litigation itself, the financial consequences of which would probably be containable, but by simple arithmetic.

Mr Gary Black, an analyst at Sanford C. Bernstein, a Wall Street investment bank, has done the sums. To raise \$300bn over 25 years, the industry would have to find \$12bn a year. It could do so by raising US cigarette prices – currently averaging \$1.80 a pack at retail, including federal and state taxes – by 80 cents a pack. That would decrease demand by an estimated 11 per cent. But since the US market is only one component of the big tobacco companies' businesses, the

impact on total earnings would be small. Philip Morris's 1996 earnings, Mr Black estimates, would be \$3.30 a share instead of \$3.45, and RJR Nabisco's would be \$3.05 instead of \$3.40.

More important, the effect on earnings would be far outweighed by the effect on the companies' share prices. If the litigation threat were removed, the litigation discount would disappear forever, and prices would increase to reflect the companies' potential for earnings growth.

Mr Black calculates that Philip Morris's shares would rocket from Wednesday night's \$43 to about \$60 – another 40 per cent on top of Wednesday's gain. RJR Nabisco's price would rise from Wednesday night's \$33 to about \$48, a gain of 43 per cent.

The arithmetic aside, the tobacco companies would clearly not be talking about a deal if it was not in their ultimate interests. And for the people on the other side of the talks – mainly trial lawyers – there is plenty at stake, too.

**I**t is not known at this stage how large a cut of the proceeds they would expect to take, but the Insurance Information Institute, an industry body, says that, on average, plaintiff's lawyers take 16 per cent of every dollar spent on lawsuits. A 35 per cent portion of \$300bn would be \$105bn – a sum which, even if split between 100 law firms, would provide a bonanza of \$480m a firm.

However, there are considerable barriers to a deal. As well as paying \$300bn into a fund to pay for the treatment of smoking-related illnesses, the industry would have to accept regulation by the FDA – a move it is currently fighting in court, with strong hopes of success. There would also be tough new curbs on advertising – particularly to younger people who are showing disturbing signs of an increasing tendency to smoke.

And even if the two sides reach an agreement, they will have to sell it not only to the Clinton

administration but also to Congress.

Getting the administration's agreement may not be the greatest obstacle. The trial lawyers are off to a good start by virtue of the fact that the political action committee of the Association of Trial Lawyers of America was the most generous single business lobby during the 1996 election, giving mainly to the Democrats.

A bigger challenge is likely to be the passage of the legislation that would be needed to limit the industry's liability. Its constitutionality could be challenged before the Supreme Court, and every line would be fought over in committee. Both supporters and opponents of the tobacco industry are powerful, well-organised forces in Congress, cutting across party lines – although the Republicans are generally closer to the tobacco sector.

During last year's presidential election, tobacco companies provided generous help with funding the nominating conventions of both parties. They hosted lavish receptions for delegates from tobacco-growing states and co-sponsored the presidential debates.

And voting records demonstrate how money talks, according to a study by the Center for Responsive Politics, a non-profit group. During a Senate vote on raising tobacco taxes and encouraging tobacco farmers to change crop, the 52 senators who killed the resolution had received eight times more, on average, in campaign funds from the tobacco industry than the 38 who backed the idea.

But lobbyists and legislators who have successfully done battle with the tobacco industry have already served notice they will examine any settlement very suspiciously. There is likely to be trenchant opposition to any deal which restricts the authority of the Food and Drug Administration, and in particular to any provision that prevents nicotine from being treated as a drug. "I am sceptical of any concessions by the tobacco giants, and we have to make sure we hold

their feet to their fire," says Senator Frank Lautenberg, a New Jersey Democrat who successfully pioneered legislation to restrict smoking in aircraft.

Foes of tobacco are also making the point that the size of the settlement must not be determined until the internal documents that were made available by Liggett have been studied. They will help determine the full extent to which the industry conspired to mislead the public about the real health risks.

"The Liggett decision gives us a unique opportunity to find out not only what that company knew, but how they worked with other tobacco companies," says Mr Martin Meehan, a Democratic Congressman. "We can't make an adequate assessment of the liability and culpability of the tobacco industry without that important information."

The American Lung Association, a lobby group which has proved highly effective in forcing the pace on environmental regulation, says it will oppose any settlement that weakens the FDA's authority or prevents the treatment of nicotine as an addictive drug. "Nicotine is the ingredient that gets people hooked on a product that makes them sick and eventually kills them," says Ms Diane Maples, of the association.

Ironically, the deal may run into ideological opposition from some of the free-market think-tanks and zealous critics of regulation whose corporate sponsors include the tobacco industry. Mr Sam Kazman, a commentator with the Competitive Enterprise Institute, said the accord would threaten civil liberties by undermining the principle that "responsible adults may knowingly assume risks".

Mr Kazman said further restrictions on advertising would have "very serious consequences" for the first amendment, which guarantees freedom of speech, and pave the way for similar restrictions on other sectors. "I see Joe Camel as much less of a threat to our children's future than the erosion of the first amendment," he says.

## OBSERVER

## Pressure Cuccia

■ There's a whiff of panic in the *salotto buono*, the figurative drawing-room in which gather Italy's industrial and financial elite. Even its patriarch, the secretive Enrico Cuccia – honorary chairman of Mediobanca – has broken his customary silence to support Fiat chairman Cesare Romiti, given an 18-month suspended sentence last week for falsifying accounts in connection with illicit party funding.

The 60-year-old Cuccia was one of 45 business figures who signed a letter published yesterday on the front page of Italian business daily, *Il Sole 24 Ore*, itself owned by the country's employers confederation. The signatories paid tribute to Romiti's "personal commitment, moral rectitude and orthodoxy"; they also attacked zealous magistrates for undermining Italy's economy.

If nothing else, the affair is shaking Italy's biggest private industrial group at a generational crossroads. Romiti, who took over from Giovanni Agnelli, now Fiat's honorary chairman, is due to retire in June 1998. Agnelli's nephew, Giovanni Alberto, has been groomed for a top job, but he

recently announced that he's been treated for a rare – though curable – stomach tumour.

To make matters worse, the Turin judge who convicted Romiti has asked the public prosecutor to see if there's a case against the entire Fiat executive board – including Giovanni Agnelli himself. Small wonder nerves are beginning to fray.

## Monumental

■ US diplomats in Cuba would do well to savour their fine view of Havana's elegant – if decaying – seaford. The Cuban authorities are planning to erect a 60-foot concrete and steel monument smack in front of the US Interests Section offices.

Cuban officials say the monument, depicting Cuba's resistance to the US economic embargo, has been designed by 89-year-old Brazilian architect Oscar Niemeyer. Funded by supporters of Cuba in Latin America, the \$150,000 revolutionary artwork will show a Cuban national flag bursting out of a ring of concrete.

SHS, the diplomats may find the new monument an improvement over the huge, brightly-coloured propaganda billboard that now stands in front of the US mission. It shows a Cuban militiaman trampling his nose at a caricature of Uncle Sam with the Spanish caption:

"Gentlemen imperialists, we are not in the slightest bit frightened of you."

## Battle scarred

■ Edna Arbel, Israel's respected state attorney, has some experience of working under fire, which may be just as well. Her decision, due this weekend, on whether to indict prime minister Benjamin Netanyahu on breach of trust charges, could make or break the government. In 1971, waiting to be called in a Tel Aviv court, she was listening to the previous case – a trial of a father and son from the Arab town of Talbakh for murder in a local blood feud. A Talbakh resident opened fire killing the father and wounding the son. Arbel was also wounded. "I paid my dues when they shot me in the leg," she says when asked how she responds to threats.

## Not so smart

■ Actors try to avoid appearing with animals or children, who will usually upstage them. Yesterday's premiere in Munich of Smart, the tiny car developed by Mercedes-Benz and Switzerland's SMH watches group – inventor of the Swatch – suggested that motor industry executives should not try to act at all.

While Smarts whizzed merrily round mock-up city streets, and then staged a crash to show their ease of repair, top executives of Micro Compact Car, the joint venture behind the vehicle, fumbled over the elementary lines in scripted dialogue with a professional presenter: upstaged by the product.

The critics' wooden spoon went to Lars Brorsen, the MCC president, who failed to keep up without constant reference to one cards. Top billing went to Jürgen Hubbert, Mercedes-Benz's head of passenger cars. As one hardened observer of European car launches noted, he's hardly a born thespian, but with dozens of roll-outs behind him he has had plenty of opportunity to learn from his mistakes.

## Statue of liberties

■ A Geneva lakeside landmark for two years, a seven-tonne white marble sculpture of a naked couple kissing has been shipped out after a two-year legal battle between the artist and the citizens. Sculptor Vincent Kesselring wanted to give it to the Swiss city, but the Genevois got a court to order its removal. Nothing to do with the saucy subject matter, they didn't want to become a dump for unwanted works of art.

## Financial Times

## 50 years ago

**Pact With Italy**

While no chance should be lost of restoring free trading and financial relations with the world, it is ironical that Great Britain should have to compound with an ex-enemy creditor. Yet such is the case with our latest pact with Italy. The manner in which we have provided, or undertaken to provide, Italy with foreign exchange and the way in which we have completely given up our claims to reparations – even in return for the payment by Italy of pre-war debts – prompts the question whether we can really afford to be so philanthropic. Due praise must be accorded to Italy for the manner in which she has set about improving her trading position. The way her nationals have got down to real hard work is a splendid example.

**Malaya Tin Industry**

Singapore, 17th April. Representatives of the tin mine workers are meeting at Kuala Lumpur on Sunday to discuss new conditions of employment offered to daily paid workers by the Malayan Mining Employers' Association. Under the new terms, every worker will be asked to sign an agreement on engagement.

## Russian leadership warns of budget crisis

By Chrystia Freeland  
in Moscow

Mr Anatoly Chubais, Russia's first deputy prime minister, yesterday warned parliament that the country was in the throes of a "monstrous" budget crisis that jeopardised the Russian state.

Mr Chubais' tough talk was part of a sustained cabinet effort to prepare public and parliamentary opinion for the belt-tightening minibus budget the government is expected to propose next week.

Mr Chubais told the Federation Council, the upper house of the Russian legislature, that the government had collected only 56.6 per cent of targeted revenues in the first quarter, mainly because of non-payment of taxes by Russia's biggest companies. The poor tax take had made it impossible to stick to the current 1997 budget, he said.

"Russia is experiencing a

monstrous state budget crisis, whose parameters, if the truth be told, call into question the ability of the state to perform its functions," Mr Chubais said.

To bring the budget into line with the state's ability to collect revenues, Mr Chubais said at least Rb100,000bn (\$17.4bn) would have to be slashed from planned expenditures.

But there were already signs yesterday that the cabinet could face an uphill battle when it presents its more austere new budget to the Duma, the lower house of parliament.

Mr Gennady Seleznev, Communist speaker of the Duma, yesterday called on the government to print Rb20,000,000,000 to cover mounting wage arrears and unpaid pensions across the country.

In Russia's depressed provinces, the salaries crisis has sparked outbreaks of occasionally violent protest. Yesterday, for example, in Ust-Ilimsk,

Siberia, unpaid teachers and doctors briefly took a group of local bankers hostage in an effort to extract their unpaid wages from the regional administration.

The cabinet is, at least initially, unlikely to heed the parliament's call to print more money. It values macro-economic stability as its most significant accomplishment after more than five years of painful reforms.

If the parliament and cabinet are unable to reach agreement, the government is expected to continue its policy of cutting expenditure in line with the lower revenues.

Although this approach is preferable to a new wave of inflation, western economists are concerned that it will set back Russia's efforts to entrench its democratic institutions and develop a normal, working relationship between the executive and the legislature.

## Yeltsin and Kohl confident over deal on Nato

By Ralph Atkins  
in Baden-Baden

Mr Helmut Kohl, the German Chancellor, and Mr Boris Yeltsin, the Russian president, yesterday expressed confidence a deal would be reached on a new contract between Nato and Russia by the end of next month.

But the leaders, meeting in Baden-Baden, the southern German spa town, failed to resolve differences over the possible stationing of Nato forces on the territory of new members of the western defence alliance.

Nato is hoping to seal a formal relationship with Russia before inviting new members to join.

But Mr Yeltsin underlined Russia's continuing alarm at the prospect of a proposed expansion of Nato which would bring the alliance closer to the Russian border. He said additional Nato conventional forces should not be allowed in new member states.

Both men pledged to work towards an agreement, which would be signed on May 27 in Paris. Germany and Russia said the contract had been "80 per cent" completed.

Yesterday's meeting followed a summit between Mr Yeltsin and Mr Bill Clinton, the US president, in Helsinki last month. Nato is expected to invite new members to join after a summit in Madrid in July.

Mr Yeltsin played heavily on his relationship with Mr Kohl to seek German backing for a contract with Nato that ensured "a binding character" for the proposed consultative mechanism with Russia.

For his part, Mr Kohl acknowledged "considerable differences of opinion" and sought to avoid any Russian attempt to drive a wedge between Nato members, saying Germany did not "have a role as translator" between Moscow and the west.

Tension over Nato's expansion revealed the scale of differences in negotiations between Mr Yevgeny Primakov, Russia's foreign minister, and Mr Javier Solana, Nato general secretary. Nato members, including Germany, have indicated no desire to push nuclear or significant numbers of conventional forces into new member states. The difficulty lies in finding an acceptable treaty wording.

Meanwhile, Mr Yeltsin and Mr Kohl indicated solidarity over the issue of artistic masterpieces seized as booty by Moscow after the second world war - the return of which was blocked against Mr Yeltsin's will this month by the Russian parliament.

### THE LEX COLUMN

## Happy pills

Novartis is on course for a cracking 1997. Yesterday's 23 per cent jump in first-quarter sales was boosted by the weakness of the Swiss franc. But constant currency sales growth of 14 per cent in the pharmaceuticals division - and 8 per cent for the group as a whole - was ahead of expectations and the 3 per cent declared by rival Roche.

Revenue growth will probably slow a little over the course of the year as comparatives become tougher and generic competition hits some of the older drugs. But Novartis boasts both an enviable product pipeline - with more than 20 launches planned by 2000 - and potential for substantial margin growth through cost cutting. The group is on track to deliver the SFR2bn (\$1.3bn) of promised merger savings by the end of 1999, with around SFR600m of that coming through during 1997. This year also sees the bulk of the cash outflow related to the restructuring. Thereafter, free cash of more than SFR3bn a year should further boost the group's strong balance sheet; the management has already signalled its willingness to contemplate share buy-backs alongside substantial dividend increases.

Coupled with forecast annual earnings growth of over 15 per cent for each of the next five years, this is an appealing mix for investors. By contrast, Roche is expected to grow at closer to 10 per cent over the same period. Yet on 1996 estimates, both are trading on around 20 times earnings. Novartis looks the better bet.

### Peugeot-Citroën

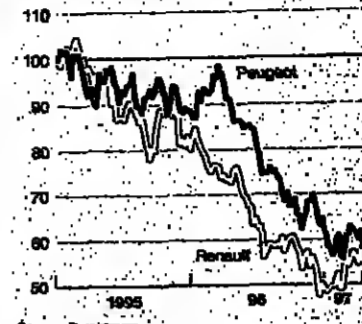
Despite the well-publicised collapse in French car sales and car manufacturers' shares, Peugeot-Citroën has still managed to displace profit margins fell to 0.4 per cent in the second half of 1996, and in the last quarter it lost money. It predicts the French car market will decline 12 per cent this year, and Peugeot could do worse. Its pipeline of new cars looks faded, and it has to brace itself for the relaunch of Europe's best-selling car, the VW Golf. Peugeot will be lucky to make any profit this year, though at least cashflow should just about cover investment costs.

The key is whether Peugeot can make the structural changes necessary to carve out a profitable future. Renault has shown the problems - the European car market is operating at 78 per cent of capacity,

FTSE Eurotrack 200:  
2209.6 (+7.5)

Peugeot/Renault

Share prices relative to the SBF 120



Source: Datastream

yet Renault is struggling to shut down a factory. However, Peugeot has one thing going for it. The impending arrival of a new chairman, Mr Jean-Martin Folz, could be the catalyst for vital change.

There are numerous things that should be done. Peugeot should more fully integrate Citroën to reduce costs. It should develop a more aggressive programme for new cars. And it needs a proper international strategy to tap growth markets and spread development costs over more sales. But what it needs most of all is wholesale rationalisation of French car manufacturing. And given the politics involved in such a change, investors would be naive to bet on Mr Folz achieving it.

### Income stocks

Income stocks are back in fashion. Many of the growth companies that have been leading the UK stock market higher over the past two years have been hit by sterling's strength and earnings downgrades. The sharp drop in Rentokil's initial share price since its results shows how harshly investors react when they sense slowing growth. By comparison, high-yielding stocks in defensive sectors, like utilities, have started to look solid.

Playing at this end of the market can be hugely rewarding - occasionally. Five years ago, Asda and British Aerospace were among the 20 highest-yielding stocks of the FTSE 350. Both have since produced a total return of more than 300 per cent, despite dividend cuts, beating the market by over 100 per cent. But a much larger group of their erstwhile peers, from Harrison's &

Crosfield to T&N and Pilkington, has continued to perform poorly. The five-year total return at Albert Fisher, which has consistently been one of the highest-yielders - and maintained its dividend yet again yesterday - has been less than half the market average.

This suggests a dividend cut can transform a company - but only when accompanied by a change in management and strategy, rather than being forced on a company due to poor cashflow, as at Redland and BICC. For investors, the best course is to ignore the allure of the highest yields and concentrate on the next tier down, where better dividend cover holds out the hope of growth in the payout.

### UK brewers

The UK's brewing and pub companies are suffering Labour pains. The sector has been a traditional political punchbag, absorbing numerous lumps from the ruling Conservative party over the tie between brewers and tenanted pubs. Now New Labour is joining in. The delayed verdict on Bass's merger with Carlsberg-Tetley would make it the first big competition decision of any Labour administration - which looks bad for Bass. Labour is committed to a minimum wage, which could hurt pub and hotel profits. Higher interest rates might stifle consumers. Add to that a poor trading performance by pubs over the New Year, and the shares have taken a pasting.

This sell-off looks overdone. If C-T is blocked, Bass still gets C-T's 1997 profits, and hands back a crippled competitor which will probably have to cut capacity. Besides, brewing accounts for just 17 per cent of sector earnings. A minimum wage sounds worse than it is. If, as expected, it is set at a low level, say £3.50 (\$5.67) an hour, the impact on profits would be negligible. Meanwhile, building society hand-outs should help fuel consumer spending.

The sector is trading at a discount to the market price-earnings ratio, based on 1997 forecasts, but growing more rapidly. Hotels, restaurants, pubs and betting shops all remain buoyant businesses. Indeed, their relative strength is demonstrated by the fact that the leisure sector trades at a 16 per cent market premium. The gap between the sectors looks excessive.

See additional Lex comment on House of Fraser, Page 25

## Netanyahu vows to stay

Continued from Page 1

the prime minister and agreed to postpone any decision about remaining in the government until the outcome of Mrs Arbel's decision. But there was some dissent, notably from Mr Shaul Yahalom, a member of the National Religious party which has nine seats in the coalition.

Mr Yahalom, also head of the Knesset's law committee, said Mr Netanyahu should take leave, demand that charges recommended by the police be filed against him and request a quick trial.

Yesterday, the Israeli stock market fell nearly 2 per cent on turnover of Shk95m (\$23.9m). The Israeli shekel traded at a record high of Shk3.42 to the dollar.

## Microsoft shutdown

Continued from Page 1

in about three weeks and would have given users more notice had that been the case. As it was, Microsoft issued a warning on MSN only minutes before the service stopped.

The rapid expansion of Internet services has sparked debate over whether they should be obliged to be as reliable as utilities such as telephone and electricity services. Forecasting volumes had become difficult. Ms Ostrow said. The pattern of e-mail traffic has changed as users sign up for new services that automatically deliver information from Web pages to their e-mail addresses.

## Vietnam must act to keep foreign finance, says bank

By Peter Montagnon,  
Asia Editor, in London

Vietnam's government and public sector need to become more efficient or the confidence of the international financial community could be eroded, the Asian Development Bank has warned.

The bank said any erosion of confidence could jeopardise the large capital inflows that have sustained economic growth of close to 10 per cent. A current account balance of payments deficit of 12 per cent of gross national product has made the country dependent on foreign financing.

"Any failure to improve public management could begin to undermine the strong confidence of the international financial community," the bank said.

Vietnam needed improved public sector performance, rapid development of its financial sector, reform of public administration and rationalisation of its investment programme, it said.

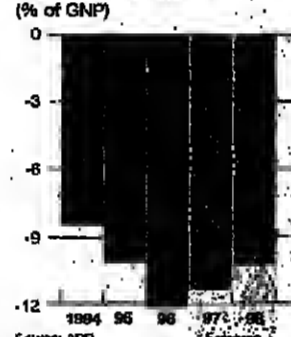
While Vietnam could claim credit for attracting capital, including large amounts of foreign direct investment, this was "a potential source of fragility".

"It implies the sustainability of high growth is dependent on the continuation of a positive international investment climate and strong donor support."

The main challenge facing the government was the need to mobilise more domestic

### Vietnam

Current account balance (% of GNP)



Source: ADB

resources to finance investment, the bank said.

The outspoken comment was contained in the bank's annual development outlook. While domestic savings are projected to reach 21.2 per cent of GNP by 1998 - from 18 per cent last year - the investment rate will also rise, from 30.1 to 31.5 per cent. The savings shortfall, which must be raised abroad, will still be large.

Vietnam's foreign debt position should remain manageable, with debt in convertible currencies rising to \$13.5bn by 1998, from \$9.2bn last year. But this assumes the government remains prudent.

Export growth is expected to slow to between 15 and 20 per cent over the next couple of years, but previous rates of 30 per cent were unsustainable, the bank said. Import growth will also decelerate.

Regional recovery, Page 8

### Europe today

Settled and generally dry conditions will prevail from northern Italy across France and the Benelux towards the UK. North-eastern France will start off with patches of morning fog. Portugal and northern Spain will have showers. Cool, unstable air will cause snow showers across Scandinavia, especially in the early morning and in the north. A warming trend will begin north of the Alps and across the Balkans with increasing sun. Active low pressure will bring showers and gusty winds across the Black Sea. The Baltic states and Russia will turn cooler.

### Five-day forecast

The western Mediterranean will become increasingly unsettled with heavy rain across the Balearics and Spain. Central and north-western Europe will remain dry and mainly sunny. North-western Europe will turn slightly warmer. Scandinavia will have snow. South-eastern Europe will become settled.

Warm front Cold front Wind speed in KPH

### TODAY'S TEMPERATURES

Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	32	24	Amsterdam	11	7	Barcelona	15	10
Accor	25	18	Atlanta	17	12	Bahia	24	19
Algiers	19	13	Bangkok	31	26	Buenos Aires	15	10
Amsterdam	11	7	Bombay	32	27	Cairo	28	23
Antwerp	10	6	Buenos Aires	15	10	Cape Town	15	10
Athens	17	12	Calcutta	32	27	Chengdu	15	10
Bahia	24	19	Cardiff	14	9	Chongqing	15	10
Bangkok	31	26	Chicago	12	7	Cebu	28	23
Buenos Aires	15	10	Dakar	20	15	Delhi	28	23
Cairo	28	23	Dallas	18	13	Doha	28	23
Cape Town	15	10	Dar es Salaam	25	20	Dubai	28	23
Chengdu	15	10	Denver	12	7	Edinburgh	12	7
Chongqing	15	10	Frankfurt	14	9	Geneva	14	9
Cebu	28	23	Glasgow	11	6	Hankow	15	10
Dakar	20	15	Hamburg	11	6	Hong Kong	28	23
Dallas	18	13	Helsinki	11	6	London	14	9
Dar es Salaam	25	20	Hong Kong	28	23	Los Angeles	21	16
Dubai	28	23	Islamabad	18	13	Luxembourg	14	9
Edinburgh	12	7	Jakarta	31	26	Lyon	14	9
Frankfurt	14	9	Karachi	32	27	Madeira	15	10
Glasgow	11	6	Kuala Lumpur	32	27	Manila	28	23
Hamburg	11	6	La Paz	18	13	Mexico City	25	20
Helsinki	11	6	Lima	18	13	Moscow	12	7
Hong Kong	28	23	London	14	9	Mumbai	32	27
Islamabad	18	13	Luxembourg	14	9	Nairobi	25	20
Jakarta	31	26	Madeira	15	10	Naples	18	13
Karachi	32	27	Manila	28	23	New York	19	14
Kuala Lumpur	32	27	Mexico City	25	20	Nice	21	16
La Paz	18	13	Moscow	12	7	Nicosia	21	16
Lima	18	13	Mumbai	32	27	Oslo	15	10
London	14	9	Nairobi	25	20	Paris	16	11
Luxembourg	14	9	Naples	18	13	Perth	15	10
Lyon	14	9	New York	19	14	Prague	15	10
Madeira	15	10	Nice	21	16			

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## FINANCIAL TIMES SURVEY

Friday April 18 1997

## FOREIGN EXCHANGE

Anyone writing a play about the currencies industry today would call it Death of a Trader, writes Simon Kuper. The year 1996 was perhaps the quietest on the foreign exchange markets since 1973

## Dealers on the spot as margins narrow

Last year, currency traders would often go for long lunches and hardly bother to check their miniature price screens between courses. They knew that exchange rates would hardly budge.

It was perhaps the quietest year on the foreign exchange markets since currencies began floating freely in 1973, says Mr Jim O'Neill, chief currency economist at Goldman Sachs in London.

Even with a daily market turnover of \$1,200bn, last year was a desperate time for forex banks. Many saw revenues plummet, and sacked some of the staff hired in the golden years of the early 1990s. Anyone writing a play about the currencies industry today would call it Death of a Trader, for it was among spot dealers that most of the cuts fell. When forex traders are begging on the Strand, the new joke runs, they will not care which currency people throw them. "Six months ago there was a level of despondency", admits Mr Guy Whittaker, head of global forex at Citibank, the industry leader.

Yet the mood has since improved. Mr Klaus Said, global head of forex at JP Morgan, predicts: "The forex market is going to have a decent year in 1997." First-quarter revenues were well up on the year before. This is in part thanks to the dollar - involved in more than four-fifths of all currency trades - which rocketed in January and February. There is more money to be made from betting on exchange rates when prices move sharply.

Last year's sackings helped the industry, too. "Capacity has come out of the market place," Mr Whittaker says. Profit margins for the survivors rose after many banks cut trading desks outside their home country. HSBC Midland, one of the industry's giants, scared the New York market by closing its trading desk there and opening a 24-hour desk in London.

However, most banks are concentrating their dealers in three to four regional hubs. These typically include London - the world's largest market with a 30 per cent share of all forex turnover - as well as New York and two sites in Asia, where Tokyo, Hong Kong and Singapore are fighting for supremacy. "Business is gravitating to where the markets are most liquid," says Mr Whittaker. Trade in Paris, Brussels and Frankfurt will decrease even further if European monetary union starts on time in 1999.

But there is more to this year's buoyant mood than two good months on the spot market (after February, the dollar stopped moving for a while). Spot trading, all in the industry agree, will never provide the profits it once did. "Spot? Forget it!", sums up the head of forex at one bank.

There are various reasons for this. Emu, if it takes place, will knock out several currencies. Already the likes of the D-Mark, the French franc, the Benelux coins and even the Italian lira barely move against one another.

Second, most central banks have ceased targeting unrealistic exchange rates - in the early 1990s, traders made billions betting against currencies such as sterling and the lira. And electronic broking machines have cut margins on trades, by allowing even small banks to find out the best price in the market on any leading exchange rate. Mr Whittaker estimates that the two main electronic brokers, Reuters and EBS, may have as much as 40 per cent of the spot market between them.

Spot trading can now be done as simply and cost efficiently as making a Big Mac, says Mr Michael de Sa, head of forex at Deutsche Morgan Grenfell.

As a result, the average salary for traders at vice-president level is forecast to fall this year by \$20,000 to \$150,000, according to the annual Kling Survey of financial services pay.

But if profits are falling in spot trading, they are growing in other parts of the forex industry. Banks are sacking spot traders in the main currencies, but they are hiring salespeople and traders in exotic currencies. Mr Daniel Almeida, head of global foreign exchange trading at Deutsche Morgan Grenfell, says: "I don't think the industry's going to shrink. It's going to change, dramatically."

The market in exotic currencies should grow as fast as growth in trade and investment in emerging markets. Bank of America says that about a quarter of its forex turnover is already in these markets, up from about 5 per cent five years ago.

No one knows whether exotic markets will expand fast enough to compensate for the expected loss of the Emu currencies. Mr Andy Siciliano, head of foreign exchange at SBC Warburg, claims that emerging markets may be something of an El Dorado for many banks. "Some of these guys are going to get killed," he says. "How much can you make on non-deliverable currencies and the like?" But everyone agrees there is some gold in those hills, particularly for banks which already have offices in the main emerging markets.

The other panacea the industry thinks it has found for the decline in spot trading is to rediscover the customer. Banks are trying to sell more currency derivatives, research and risk management advice to the companies, investment funds and hedge funds with which they deal.

There is room for growth in sales. For instance, only 5

**Most banks are concentrating their dealers in three to four regional hubs**

per cent to 7 per cent of the foreign exchange market is in options, a far lower proportion than in the equities market.

However, the forex sales market may not be growing fast enough to accommodate all the new entrants. "There simply isn't enough room," says Mr Said bluntly. Most in the sector predict that only the big banks will be able to expand in global sales and emerging markets. "One over-arching trend has been that of consolidation of the forex industry in the hands of fewer, more powerful players," says Mr Mike Wallace, senior currency economist at MMS International, in a recent report.

Even the largest banks may find the going tough. Banks have become keener on sales, but customers are little more inclined to spend money than they were before. Mr Rob Loewy, head of foreign exchange at HSBC Midland, says: "The customer behaviour to my mind hasn't changed. I don't think we'll be in a position where we want to recruit 20 new corporate dealers." Sales and emerging markets may well save forex profits at many banks in the years to come. But the number of workers in the industry is likely to shrink further.

The old voice brokers, who shouted out prices, will not be the last foreign exchange workers to lose their jobs to machines. In future an Italian businessman will convert DM1m into lira from his own office, without talking to a bank trader.

Similarly, a US pension fund will convert all its foreign dividends into dollars without help. New technology "had better result in less human intervention," says Ms Christiane Mandell, deputy head of foreign exchange at Bank of America.

Deutsche Morgan Grenfell, which had about 500 forex staff two years ago, now has about 400, even though in

the meantime it has invested massively in foreign exchange.

Mr De Sa says: "Our business is growing dramatically but our head count will probably still decline a small amount."

The head of forex at another bank forecasts that a further third of workers in the industry will lose their jobs. His own house, he says, is no exception.

"Give me a break!", exclaims Mr Said when asked about the rush into emerging markets. "It is merely another way of holding up the inevitable, which is a pretty substantial consolidation in this industry."



CUMMINGS

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## 2 FOREIGN EXCHANGE

ELECTRONIC BROKING • by Richard Adams

## Voice-brokers are lapsing into silence

## Screen-based dealing has squeezed many trading margins

Could the foreign exchange voice-broker be about to follow the Threadneedle Street banker's bowler hat - once the "uniform" of London City Gents - and stock exchange dealing floors into dodo-like extinction?

That would not have been thought possible just a couple of years ago. The three largest firms, Tullett, Marshall and Harlow, dominated foreign exchange broking in London, which itself accounted for around one-third of spot trading.

The three shared about two-thirds of the London business. But, within the past two years, electronic

screen-based matching systems has eroded the voice-brokers' market share. Now more than half of spot broking in London is conducted by computer, keyboard and mouse, rather than phone and "squawk box".

The proportion of foreign exchange deals done by large banks through electronic systems has grown strongly within the past three years. The use of systems run by Reuters and the EBS Partnership, two leading competitors, has sliced banks' foreign exchange trading margins to water-thin levels.

The growth of screen trading has also come at the expense of the traditional voice-brokers. Large banks have also lost much of the business they used to receive from smaller banks.

The big banks have seen their "metro" (deals less than \$5m) business shrink. Previously, small banks wishing to buy or sell currencies would approach the large banks, who would then get access to the most competitive prices simply by having an EBS or Reuters terminal.

Electronic broking systems mean that many prices can be simply accessed from a machine. The Reuters and EBS systems allow trades to be done by automatically matching buy and sell orders.

The non-electronic brokers have tried to stem the tide towards screen-based broking, with varied success. The increased competition has forced them to try to cut

confirmation times for transactions. While electronic systems can confirm within seconds, voice-brokers could take hours.

Can electronic broking completely replace voice brokers? One school of thought holds that "a screen can tell you the price but it can't tell you the market".

Two issues are central for brokers: liquidity and prices. If a broker is a source of liquidity in a particular currency cross-rate, such as dollar/D-Mark, or dollar/yen, then others will want to do business as well. Prices must be ahead of, or in line with, the rest of the market. The larger the share of a cross-currency trade that a broker commands, the more likely that its price will match the market.

Liquidity is the mantra of Mr Peter Bartko, the chairman of The EBS Partnership. "It is the liquidity and depth of liquidity now that draws banks to our service," says Mr Bartko.

The partnership was founded by a co-operative of leading banks in 1990 to combat the threat posed by Reuters, which supplied most of the information used by foreign exchange dealers as well as half of the hardware on which Interbank forex deals were done. The final straw was the development of Reuters 2000-2 terminal, giving it the potential to control the execution and pricing of deals.

Launched in September 1993, EBS's growth has been rapid, starting from a 4 per cent share of the London broking market in January

1994. By the start of this year, EBS claimed its share of the total spot broking activity in the London market was 37 per cent.

The partnership says its share of the \$700bn international daily spot market averages about \$70bn. Its clients have grown from 144 institutions in 1993 to 640 this year, while the number of its screens installed has grown from 900 in 1995 to 2,000.

The partnership's earliest successful market was in the D-Mark/French franc rate, where it remains dominant. "The EBS price has become the industry price. To be active you have to know that price, and you also need access to liquidity at that price," Mr Bartko says.

In December 1995, EBS merged its operations with Minex, a Tokyo-based

electronic broker with a strong market share in Asia, to strengthen their position against Reuters. Minex became a partner in EBS, joining the banks that helped set up its.

The synergy between the two groups made EBS "the highest and the best broker in Asia", says Mr Bartko. Previously, EBS had been the dominant broker in dollar/D-Mark transactions in the Asian market, while Minex was the market leader in dollar/yen exchange in Tokyo. EBS says that in Singapore its system is used for around half of the total spot broking market, and in Tokyo accounts for 50 per cent of dollar/D-Mark and dollar/yen spot broking.

Reuters does not announce figures for its market share, but it has more than 1,000 customers and a more

diverse business than EBS. Over 50 per cent of EBS business is in dollar/D-Mark and dollar/yen, followed by the D-Mark cross rate in Swiss franc, yen and French francs. Reuters has a slightly broader spread, with a presence in D-Mark/Alfa and dollar/D-Mark and yen rates. A similar service, although not directly competing with Reuters and EBS, has been offered since last year by Bloomberg, the financial information service, and banking information technology company Cognotech, aimed at institutional investors such as fund managers.

None of this is good news for the remaining band of voice-brokers, who might be joining London's old stock jobbers and discount houses on the way to extinction.

EMERGING MARKETS • by Simon Kuper

## Exotics offer investors heady returns

## As countries liberalise their currency regimes currency trading is soaring

"You can tell we're expanding," says an emerging markets trader at one London bank, "because we have more people than desks."

He adds: "You'll know that emerging markets are being taken seriously when we move from the edge of the forex trading floor to the centre."

Trade in emerging market currencies is already soaring as countries liberalise their currency regimes. HSBC Midland estimates that the volume of its exotic currencies turnover has risen 300 per cent in the past three years. That compares with 10 per cent turnover growth in mainstream currencies at that time, says Mr Roh Loewy, the bank's head of foreign exchange.

Deutsche Morgan Grenfell estimates that 25 to 30 per cent of its worldwide foreign exchange revenue already comes from exotic currencies. Mr Albert Maasland, the bank's head of forex sales, says: "In three out of four meetings I have with pension funds, investors and central banks, the topic turns to emerging markets."

Emerging currencies are growing partly because more companies are trading and investing in them. However, the main lure of these cur-



Wrocław, Poland (above left): when the South African rand hit trouble last year, Polish bonds fell, too. Standard Bank, Cape Town (above right): interest rates in South Africa are 17 per cent



Photoc: Anthony Robinson and Sarah Morley

rencies lies elsewhere. "This whole business is yield-driven," says Mr Christopher Abbott, head of the exotic currencies group at Bank of America in London.

The exotics offer investors heady returns. Interest rates in South Africa are 17 per cent, and in Ukraine more than 30 per cent. With Japanese rates starting at 0.5 per cent, and US rates at 5.25 per

cent after last month's increase, investors have to go far for yield.

All but the riskiest exotic currencies - the Albanian lek and the Zairean zaïre spring to mind - are attracting money. Mr Guy Whittaker, global head of forex at Citibank, recently even noted that Lebanon had received an official rating from credit agencies.

Banks are hiring emerging markets traders, or setting former D-Mark/French franc dealers to work on the Polish zloty or the South African rand. However, volumes in many exotic currencies are relatively thin. This allows the banks that do operate in these markets to charge high margins on trades. "You can make good money there, which you can barely do on G7 currencies," says one bank's head of forex.

Mr Maasland believes that the cost of entry will keep the numbers of banks down

in emerging markets currencies. To make a profit trading one of these currencies, he says, a bank has to have people on the ground. One reason is that for most exotic currencies there are effectively two markets: the local operators, and the foreign investors. The two sets listen to different trumpets, and it is crucial to know what they are hearing.

A bank that trades the Indonesian rupiah out of Singapore is therefore likely to lose money, Mr Maasland argues. Furthermore, banks have to offer customers more than just a spot trading service. Settlement can be a complex job in many emerging markets, and there is great need for risk management. Mr Jim O'Neill, chief currency economist at Goldman Sachs, points out that many US corporates have their greatest currency risk in emerging markets.

For if the returns are higher in exotic currencies, so are the risks. The few veterans on emerging markets currencies desks still winced when they recall the Mexican peso crisis of December 1994. Currencies as far away as the Hong Kong dollar and the Russian rouble suffered in its wake.

Many forex analysts say that such knee-jerk selling would be less likely now, because investors have learned more about emerging markets. They point out that when the Thai baht was hit early this year, the shock waves were modest and reached little further than the Indonesian rupiah.

Mr Alan Douglas, of the emerging markets currency group at HSBC, is more cautious. He points out that when the rand hit trouble last year, Polish bonds fell too. The reason was that some banks, discovering that their emerging markets desks had lost money in one country, ordered them to close other positions. The

desks sold their Polish Thills. Similarly, when the rouble dived over last year's Russian presidential elections, it dragged down many other currencies. A crash in western stock markets is another event that could lead to an exodus of cash from exotic markets.

Yet, banks think that most of the growth in emerging markets currencies is still to come. Mr Whittaker points out that less than 2 per cent of US pension fund assets are invested in emerging markets. That leaves room for growth.

Exotic currencies have risen in waves. South-east Asian currencies, such as the baht and the Singapore dollar, were the first to develop and are now considered fairly mature. With so much money having moved into these currencies, yields have fallen.

A second wave featured the Czech krone and the South African rand. HSBC's average daily turnover in the fully convertible krone has doubled in the past two years. Some say the currency is as liquid as the Italian lira - just a few years since the time when most krone trading took place on Prague streets.

But banks say the wait is for the Big Three: the Indian rupee, the Chinese yuan, and the Russian rouble. "Those three cover about half the world's population," points out Mr Douglas. The problem is that the Big Three are not expected to become fully convertible for years.

All banks agree that emerging market currencies will grow, and that soon many will cease to be exotic. The question is how fast the growth will be. Many heads of forex warn that there may not be room for everyone. Mr Klaus Said, global head of forex at JP Morgan, says: "All the guys who are piling into the Czech krone - good luck to them!"

As some banks spend stacks of money opening dealing rooms everywhere from Hanoi to Bratislava, there could be disappointments in store.

PROFILE Guy Whittaker



Guy Whittaker: 'the industry is not shrinking. It is changing'

## King of the currencies market

Mr Whittaker believes the large global banks will continue to prosper

In each of the 17 years that Guy Whittaker has worked at Citibank, the bank has taken the largest single share of the foreign exchange market.

Last April he became Citibank's global head of forex, arguably the biggest job in the industry. But as the bank enters its 100th year in currencies, conditions are getting tougher.

Rapid growth in the London forex market was only beginning when Mr Whittaker joined Citibank in 1980, after studying at Cambridge University and West Georgia College in the US. Margaret Thatcher, then the UK prime minister, had recently lifted the country's capital controls. This helped London grow into the largest currencies market in the world, with a 30 per cent slice of global turnover.

But now the period of rapid growth seems to be ending. Last year, Mr Whittaker's first in charge at Citibank, the bank's foreign exchange revenues fell 17 per cent to \$92m. Citibank suffered, like its rivals, from lower volatility in the market and from the rise of electronic broking systems. Mr Whittaker is far from being in a state of panic. He argues that the forex industry is not shrinking but changing. He has cut back with the one hand, but expanded with the other.

Citibank is lucky, he says. It was never the market leader in spot trading, the part of the industry where margins have suffered most. The bank has reacted fast by winding down several of its spot trading centres. "In Europe now we only really have a London dealing room," says Mr Whittaker. Frankfurt, Brussels and the like are dying as forex centres, partly because European economic and monetary union may wipe out their domestic currencies. Mr Whittaker is none too gloomy about Emu. He produces a chart showing that 80 per cent of foreign exchange business in Europe will survive even if monetary union

starts on time next year. Some markets will suffer badly, he agrees. "If you are in Ireland, 44 per cent of your trade could disappear." Also, for continental European banks with a domestic currency that vanishes, "it is very difficult. Your forex business becomes cash management."

Mr Whittaker, like most forex executives at large banks, believes it is the large global banks that will continue to prosper. "There are probably only 10 or 12 major participants these days," he says.

Most are trying to expand the sales side of their business - selling their clients options and other devices for managing currency risk. Citibank, says Mr Whittaker, has been doing that for years. Heads of forex at other banks often hire former Citibank staff to drive their sales expansions, and speak of Citibank as a model, although they expect to cut some of its lead in the years to come.

The large banks, says Mr Whittaker, are also the ones best placed to profit from the rapid growth in emerging markets. He remembers a time when Italy and Spain were seen as exotic markets. Now Citibank has more than 80 treasury centres trading about 140 currencies, from the dollar to the Vietnamese dong. In Asia alone, the bank serves 15,000 customers.

But Citibank is keen to expand even further in the newer markets. With inflation low in the US and Europe, and economic growth slow in Europe, "we clearly have to seek opportunities to grow in markets that are also growing," Mr Whittaker says. He adds a caveat: emerging markets may initially be too small to compensate banks for business lost to Emu. "I don't think it's a one-for-one substitution," he says.

Whatever happens, he believes the foreign exchange business is anything but dying. The worst is probably over, he says. "Most of the changes have already happened. The industry has been consolidating for the past five years at least."

Simon Kuper

DOLLAR • by Gerard Baker

## Soaring \$ product of strong economy

## Few in the administration believe the dollar is now seriously overvalued

Underpinned by an impressive economic performance unmatched elsewhere among the Group of Seven countries, the US dollar has been back in vogue recently.

The trade-weighted exchange rate of the US currency has risen by more than 7 per cent since the beginning of 1996. Against the currencies of the other two leading economic powers the rise has been even stronger.

The dollar is more than 50 per cent up against the Japanese yen from its low point of two years ago, and has risen by more than 20 per cent against the German mark over the same period.

The US authorities have until now seemed largely unfazed by the dollar's sharp rise. They regard the process as in part a necessary correction from the extreme undervaluation of the dollar that occurred in 1994-5. But they also see it as largely an inevitable product of the strength of the US and the

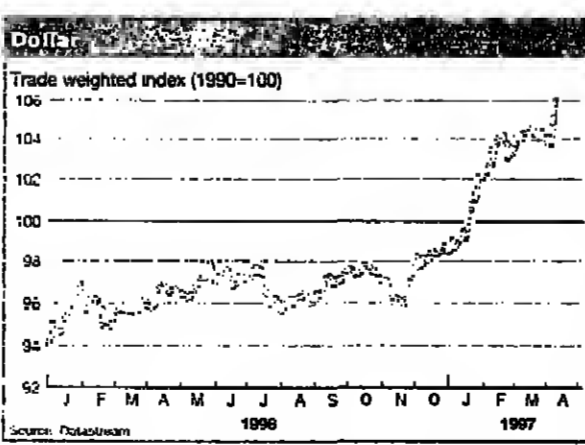
extreme weakness of the economies of the other leading countries.

But they know, too, that at some point, if the US currency does not rise, sooner or later they would come under pressure to take action, verbal or monetary, to stop it.

In February, Mr Robert Rubin, the US Treasury secretary, who has been the most forceful proponent of a strong dollar, appeared to signal the first hint that perhaps the administration might favour a pause in the dollar's ascent.

Shortly before the meeting of G7 finance ministers in Berlin, Mr Rubin subtly altered his standard verbal formulation of US dollar policy. While sticking by his long-practised form of words - "We believe a strong dollar is in our nation's interests" - he added, for the first time, "and we have had a strong dollar for quite some time now".

His remarks were immediately interpreted by currency traders as a shift in US dollar policy. To those who spend their time interpreting such Delphic utterances, he appeared to be saying the dollar's rise had gone far enough. As a result, the



Source: Federal Reserve

dollar fell back from its earlier highs.

But within a few weeks, dealers were buying up dollars again. There has been little evidence to suggest the administration is in fact anxious to halt the dollar's rise. Mr Rubin pointed out subsequently that his statement - which continues to be official dollar policy - was merely intended to remove any confusion there might have been about whether the administration wanted an even higher dollar.

Furthermore, the Treasury secretary continues to make the point that what will ultimately drive the dollar's

rise is not what they say, but the so-called "economic fundamentals". And they still seem to point to a stronger US economy.

It is true that, at around \$100bn in the past two years, the US current account deficit appears to be signalling that the dollar has risen too far. According to Mr Fred Bergsten, director of the Institute for International Economics in Washington, every 1 per cent increase in the trade-weighted value of the dollar adds about \$10bn to the US trade deficit in about two years' time. That would suggest, other things being equal, that the dollar's

rise in the past year alone could add as much as \$70bn to the deficit in 1997. This clearly appears to argue for a halt, and indeed, long-term may even suggest the dollar should fall back.

"From the foreign trade angle, it is clear that the dollar is getting into overvalued territory, and needs to be halted," says Mr Bergsten. But while the size of current account deficits may indeed drive currency levels in the very long run, the more important economic fundamental continues to push the dollar higher.

The principal force behind the currency's rise in the past year has, of course, not been the deficit, but the underlying economic performance of the US relative to other countries. Economic growth has averaged more than 3.5 per cent in the US since the first quarter of last year, compared with a stagnant Japan and sluggish growth in continental Europe.

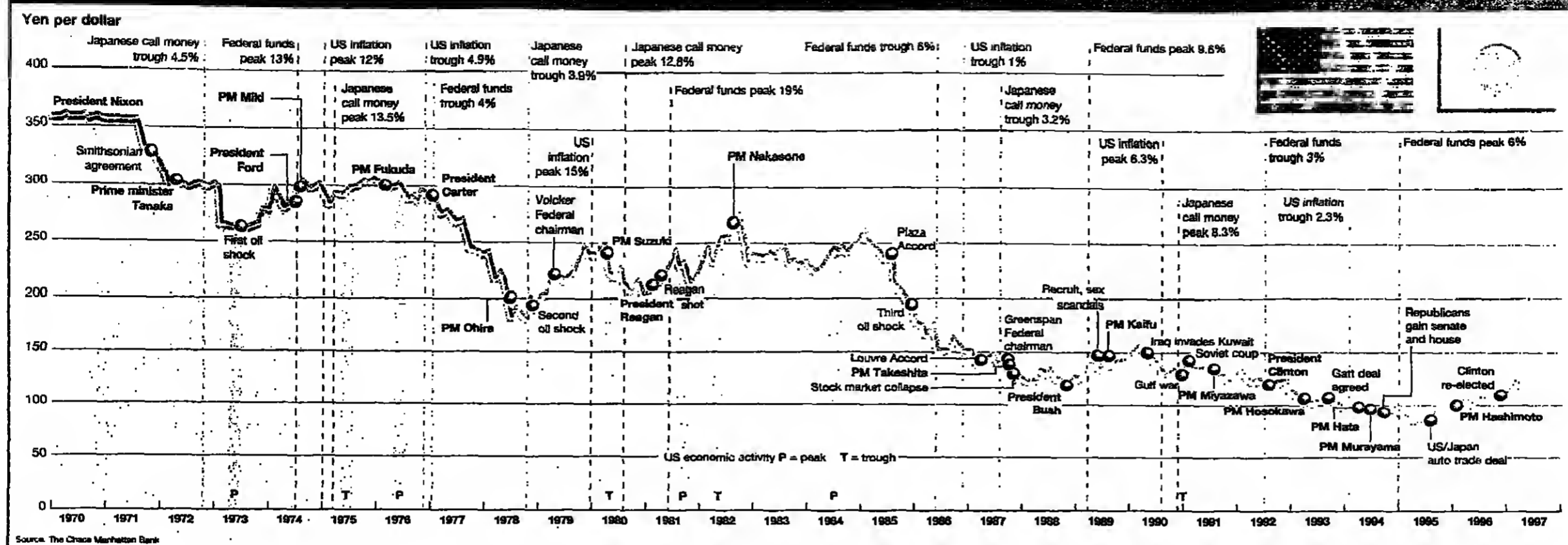
This has important implications for exchange rates. US assets have increased in attractiveness as a result of the economic growth: the surging stock market in particular has proved a powerful lure to foreign investors,

who have bid up the dollar as a result.

And, more importantly, the strength of the economy has led many investors to anticipate a further appreciation of the currency. Strong growth in the US has already forced the Federal Reserve to raise short-term interest rates last month. Further increases are expected over the spring and summer. Though that prospect is damaging the attractiveness of the stock market, it will enhance the overall appeal of holding US dollars in the short term.

The US authorities remain watchful of the dollar's progress, but they seem to share the view that the markets will, for the time being, be driven more by the relative economic outlook in the US and in other countries.

Few in the administration believe the currency is now seriously overvalued. The situation is not analogous to that in the mid-1980s when it was clear the dollar had risen too far. In comparison with that period, the dollar's recent strength has been very mild. The US currency will probably have to rise significantly further before it really starts to alarm Mr Rubin and his colleagues.



## Rising £ watched by bemused traders

No forex strategist expects sterling to drop as low as the dog-house levels of two years ago. Mr Avinash Persaud, currency strategist at JP Morgan, says the pound will only fall as far as DM2.55 or so.

# Uncertainty upsets the markets

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## 4 FOREIGN EXCHANGE

YEN • by Michio Nakamoto

## Weak yen a windfall for the economy

The relationship with the dollar has had an impact on corporate behaviour

In 1995, when the Japanese yen seemed to be rising relentlessly against the US dollar, Sega, the Japanese video games company, procured most of its games machines from overseas.

That year as the surging yen battered the international cost-competitiveness of Japan's leading carmakers and ate into their profits, they unveiled plans to increase production overseas substantially. Vehicle exports fell 15 per cent as Japanese cars became relatively expensive in overseas markets, and imports to Japan, led by cars made at Japanese plants in the US, rose 31 per cent to a record.

Honda, historically the most internationally-minded

of Japanese carmakers, replaced exports of its popular Accord and Civic models to the US with locally manufactured vehicles.

An equally spectacular weakening of the yen has created very different circumstances in recent months.

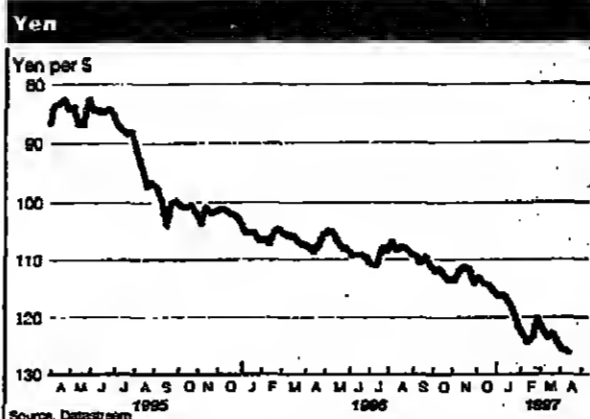
Less than two years since the yen surged to a peak of ¥79 to the dollar and sent tremors through the country, Japanese vehicle exports have surged, with exports to the US rising 23 per cent in the last four months of last year. Exports to the US in January were 75 per cent higher than in January last year. Imports from Japanese plants have nearly halved from about 6,500 a month last year to 3,400. Honda, meanwhile, has had to resume exports of the Civic to meet strong demand in the US and the weak yen led Sega to procure nearly all its game machines from domestic suppliers last year.

The turbulence that has characterised the yen-dollar exchange rate in the 1990s has had a big impact on Japanese corporate behaviour and on the structure of the economy.

The rapid strengthening of the yen in the first few years of the decade helped to accelerate the globalisation of Japanese industry and to restructure the economy by inducing a sense of emergency and an awareness that the country's emphasis on export-led growth must change. Deregulation became the rallying call of politicians and a growing group of bureaucrats and businessmen who recognised the importance of stimulating the economy.

Now the yen is 23 per cent below its 1995 closing average. The trade surplus rose last month for the first time in 27 months.

As the yen has weakened rapidly, there has been a growing concern that this



weakness might slow the process of change.

Recent yen weakness was in part caused by official intervention, backed by an international consensus that the Japanese economy needed a weaker currency to achieve a self-sustaining recovery. The faltering recovery of the Japanese economy and the huge interest rate gap between the US

and Japan encouraged private capital outflows which spurred the yen's decline.

In spite of concerns that the reversed trend will lead to a strong rise in exports and once again fuel friction with trading partners, there is general agreement that the weaker yen has been a windfall for the economy. Exports - which have been rising substantially as

a result of the greater cost competitiveness of Japanese products on a weaker yen - are expected to make a firm positive contribution to growth this year after having been a drag on growth last year.

"We are expecting to see a fairly sharp turnaround in the contribution to growth of net exports," says Mr Peter Morgan, economist at HSBC James, Capel in Tokyo. He expects exports to contribute 0.7 percentage points - or one-third of the 2.3 per cent growth he believes Japan will achieve this year.

But any further weakening of the yen is unlikely to be beneficial, says Mr Robert Feldman, managing director at Salomon Brothers in Tokyo. A weaker yen was needed to help the Japanese economic recovery, but if it weakened further it could take the momentum out of moves to deregulate the economy. "What the economy needs is deregulation,

and if the yen weakens further there will be less political incentive to deregulate. In the long term, a weaker yen is not in Japan's interests," Mr Feldman says.

As long as the gap between US and Japanese interest rates remains, there is likely to be a further weakening of the yen as more private capital outflows from Japan are encouraged. The trend could accelerate, particularly after the start of the new fiscal year this month, he adds.

The yen is not expected to weaken sharply in the months ahead. For one thing, Japan's current account is rising. In January the current account surplus showed its first month-on-month increase in 17 months.

Neither is the interest rate gap likely to continue for much longer. Analysts say that later this year the markets will begin to take into consideration the possibility

that the Bank of Japan will raise interest rates in line with the stronger economic recovery - while the US authorities are not likely to need to tighten their interest rates to keep the US economy going.

Past trends suggest that - for reasons which are not altogether clear - an increase in foreign direct portfolio investments by Japanese is matched by a decrease in non-portfolio financial investments, so the yen is not likely to be put under pressure as a result, Mr Feldman points out.

And the Japanese authorities have indicated that they would like to see the yen stabilise. Mr Feldman says they have the means to impose this desire. The country has \$218bn in official foreign reserves, accumulated when the Bank of Japan conducted massive market intervention to stem the yen's rise several years ago.

CURRENCY RISK • by Simon Kuper

## To hedge or not to hedge

There is a range of futures, swaps and currency options from which to choose

A company can expend blood, sweat and tears on achieving a 15 per cent rise in exports. But when it converts its foreign income into its home currency, it may be in for a nasty shock. If its domestic currency has risen by 15 per cent, all the extra profits will be wiped out.

The phenomenon is called currency risk. Corporate treasurers, the people who manage this risk for their companies, have a much more complicated life now than they did a decade ago, says Mr John Parry, director of Rustron Parry, a consultancy specialising in financial markets and derivatives. Ten years ago there was little more a treasurer could do to hedge risk than buy a currency forward - that is, to set a price today for which he agreed to buy the currency at a certain time in the future. Now there is a range of futures, swaps and currency options from which to choose.

Perhaps the form of hedging that is growing fastest is the currency option. It gives

a company the right to buy or sell a currency at a set price at a certain time in the future - for instance, the right to buy sterling at DM2.70 in 12 months. If sterling stays above that level, the user will exercise the option. This can be expensive: a "plain vanilla" option can cost 4 per cent of the amount of pounds the user needs to buy.

But before treasurers even look into ways of hedging risk, they are faced with a big question: should they bother? Some companies never hedge, choosing instead to live with currency risk. They argue that while exchange rates sometimes move against them, they sometimes change in their favour. For instance, if the pound falls, a UK company will see the value of its foreign earnings rise when it converts them into sterling. To have hedged would have meant to lose these windfall gains.

UK and US companies would have mostly gained from leaving their currency exposure unhedged in recent years, as the pound and dollar have tended to fall. But there was a turnaround in recent months, when the pound's surge hit UK exporters. According to foreign exchange advisers, most

have never hedged. Profits have been sliced at many companies.

Critics of hedging currency risk often cite companies which have come a cropper from dabbling in derivatives. Allied Lyons, the UK foods company, lost £150m after currency options positions went wrong in 1991. Orange County in California, the Belgian government, and the unlucky Nick Leeson of Barings Bank are no advertisements for buying derivatives either. "Mention the word 'derivatives' around a board table and everybody freezes," says Mr Jeremy Wagener, director-general of the UK's Association of Corporate Treasurers.

The Allied Lyons affair has made UK companies more wary of derivatives than their rivals are in France, the US and Scandinavia, according to bankers. Even a company as large as British Steel proclaims proudly that it never uses currency options. "We don't go in for anything fancy," it says. "We only buy straight-forward forwards."

Companies outside the UK often regard their currency management side as a profit centre, says Ms Lisa Danino, a saleswoman at Bank of America. She adds: "In sophistication, the UK corpo-

rates are quite a way behind."

Small businesses tend to be those most frightened of hedging. "They often have no treasurer and no thoughts on the subject at all," says Mr Wagener. Mr Michele di Stefano, head of forex sales at BZW, says: "In most cases, treasury operations are understaffed. Even treasurers who themselves understand complex hedging products have to be able to explain them to their directors, often a tricky task."

Nor can customers always trust banks to give them impartial advice on derivatives. The banks, after all, are trying to sell products. Mr Bill McLuskie, treasurer of Canary Wharf Ltd in the UK, claims: "I know bankers who say, 'Given the quality of some treasurers, it's easy to con them.'"

Mr McLuskie and Mr Wagener nonetheless preach the virtues of hedging currency risk. The main thing a company is buying is certainty, they say. No longer can its cashflow stall and start depending on which way the forex market moves. To hedge is to buy insurance. A risk-averse company should hedge; a company with risk appetite may well consider not doing so.

Many people regard buying currency derivatives as "speculation," says Mr McLuskie. In fact, he argues, the opposite is true. Not to buy the products is to speculate on the foreign exchange market. And most companies have no special insight into which way a currency will move. Mr Parry says: "Your job as a producer of goods and services is not to second-guess the foreign exchange markets," he says.

There are trends that may encourage more companies to buy hedging products. For a start, says Mr Howard Kurz, head of global forex at NatWest Markets, many corporates are becoming more sophisticated about derivatives. In the 1970s, Mr Wagener recalls, many had no treasurer at all. Now, a growing number of finance directors are former treasurers.

Second, as more banks pile into the options business, prices are falling. Most banks are now selling what they call "zero-cost options" - although if the market moves more than the purchaser expects, the options can be far from zero-cost. Mr Parry says: "The question in the end is what value you put on being able to sleep at night when the markets are moving all over the place."



Tokyo dealers: the yen is now 23 per cent below its 1995 closing average

CURRENCY RESERVES • by Robert Chote

## Central banks may decide fate of euro

Analysts are considering how the single currency will affect reserves

By late last year, the world's central banks held foreign exchange reserves worth \$1,400bn. The currencies in which they choose to hold these reserves after monetary union in Europe may have a decisive influence on the single currency's performance in its early years.

World reserve holdings are split roughly in half between the industrial and developing countries, with Brazil, China and Taiwan among the largest holders on the latter category. The developing countries keep about 60 per cent of their holdings in dollars and 15 per cent to 20 per cent in the currencies of these "core" European countries that are likely to take part in Emu.

Mr Fred Bergsten, director of the Institute for International Economics in Washington, estimates that the developing countries might go half way to equalising these percentages should Emu take place. This would produce a diversification into euros worth \$50bn to \$75bn.

Mr Bergsten expects the portfolio shift among industrial country central banks to be of similar magnitude. Japan has reserves worth more than \$200bn - almost entirely in dollars - and it could shift at least \$50bn into euros. The US is likely to wish to hold substantially more of its reserves in euros than the \$20bn which it has in D-Marks and \$15bn in yen.

Assessing how reserve composition will change within Europe is even more complicated. Foreign exchange reserves held by the central banks of Emu-participants in the currencies of other Emu-participants will all become euros and will therefore cease to be held in foreign exchange. In the first half of last year, core European countries held about \$200bn in reserves, of which about \$40bn was in D-Marks and \$10bn in French francs. If this were still the case on Emu day, then the reserves

of these eight countries would fall by 25 per cent overnight.

It might seem as though the need to replace these reserves would increase the demand for dollars. But the euro area will need fewer reserves than its constituent countries because trade between them will become internal to the single currency zone. So while the euro-area's reserves would fall 25 per cent, its imports would fall 40 per cent, from \$1,100bn to \$700bn.

Mr Avinash Persaud, currency strategist with J.P. Morgan in London, calculates that a country with imports of \$750bn would normally have foreign exchange reserves of \$75bn to \$80bn, based on the experiences of other industrial countries. This implies that the euro-area would find itself with \$70bn more reserves than it wanted, even after 25 per cent of reserves currently held by its constituent countries have disappeared.

"The European central bank will not want to reduce its level of reserves instantly, not just because of the market disruption this would cause but because a high level of reserves could help to augment the new central bank's credibility," Mr Persaud says. "However, excess foreign exchange reserves will be reduced over time and a significant portion may be reduced early."

Mr Paul Masson and Mr Bart Turtelboom, of the International Monetary Fund, say that the euro area's demand for reserves would fall by about 60 per cent to about \$100bn. "Thus, about \$105bn - most of it held in US dollars - would be excess, and might lead to some depreciation of the US dollar over time, as EU countries decreased their reserve holdings."

Both the Persaud and Masson/Turtelboom estimates of excess reserve holdings in the euro-area are far lower than those the European Commission came up with in 1990, and which were dismissed subsequently as a "shirt-cuff calculation". Other analysts suggest that the decline in dollar holdings could be as little as 35 per cent or \$55bn. Mr Bergsten says that off-

cial reserve shifts into euros, largely though not wholly out of dollars, might total between \$100bn and \$300bn. Assuming - unrealistically - that interest rates do not change, past experience suggests a shift this big would be associated with a 20 per cent appreciation of the euro against the dollar.

But Mr Masson and Mr Turtelboom say that shifts in official reserves are unlikely to have a decisive impact on the exchange rate between the euro and the dollar. "Other factors, like the monetary policy stance and credibility of the ECB and the cyclical position of the US relative to the US and Japan will have more important influences on the exchange rate of the euro," they say.

Professors George Alogoskoufis and Richard Portes of the Centre for Economic Policy Research, say that shifts in reserves will be important. They argue that those European countries which do not participate in Emu will swap some of their dollars for euros and some economies in central and eastern Europe will peg their currencies to the euro and therefore have heavy demand for reserves. The European Bank for Reconstruction and Development might also conduct a large part of its borrowing and lending in euros.

Like Mr Bergsten, Prof Alogoskoufis and Prof Portes expect portfolio shifts to make the euro a strong performer when it debuts in the foreign exchange market. Mr Bergsten says that a shift into euros by central banks will be augmented by a reallocation of private sector portfolios to give a total move into euros worth \$500bn to \$1,000bn.

Predicting the impact this will have on the exchange rate is not easy. The higher demand for euros may be met with a greater supply, as the euro becomes more popular for borrowing.

The balance between demand and supply might also be equilibrated by interest rate changes as much as movements in foreign exchange markets. It is a brave investor who gambles on what the net effect will be.

SALES • by Simon Kuper

## Now the honours go to a new breed

Banks are wooing customers with a growing range of products aimed at hedging risk

If this is a bad time to be a foreign exchange trader, there has never been a better time to be a forex sales person.

Banks are turning away from low-margin spot trading, the fashion of the late 1980s and early 1990s, and instead are trying to sell ever more products to the fund managers, hedge funds and companies that are their customers. "Our conviction is that sales is the driving force," says Albert Maasland, the new head of forex sales at Deutsche Morgan Grenfell. Deutsche and most of its rivals are following where Citibank went years before.

The banks are wooing customers with a growing range of advice, research, and derivatives aimed at hedging risk. It no longer suffices to call a customer in the morning, read out the market news from a Reuters screen, and execute a spot trade. Mr Michele di Stefano, head of forex sales at BZW in London, told a Dow Jones conference last month.

A new breed of sales person is arising, Essex Man, who left school at 16, is on his way out. Mr Maasland says: "It's just not conceivable that we would take on someone in sales today who didn't have a higher degree. Some of our people look and sound and feel like corporate finance executives."

PhDs and MBAs are increasingly popping up even on the trading floor, although dealers can still be seen throwing pieces of

paper at one another. The link between forex trading and sales is close: banks buy and sell foreign exchange for their customers. A bank with lots of customers should do well in trading, as it can see which way the flows in the market are moving. As customers do much of their business in derivatives, spot traders have to understand these, too.

The best salaries, however, are increasingly in sales. Pay has fallen for many traders, but Mr Tony Marshall, a headhunter at Alexanders, Mann & Partners, says: "Salaries have risen quite dramatically for experienced sales people with either linguistic or multi-product skills."

The range of products, most of them some form of currency options for hedging foreign exchange risk, grows more complex by the week. "Ten years ago there were only a few simple instruments," Mr Maasland says. "In a way, you had to use a sledgehammer. Now we have 50 different tools to hammer a nail in."

The hope is that clients will buy more of them. Mr Howard Kurz, head of global forex at NatWest Markets, says: "Our options business is probably close to its peak of the last five years." This is partly because the UK economy is surging ahead and the currencies market has become more volatile, he adds.

With tailor-made options on offer, banks can command high margins on sales. Mr Maasland says: "The difference between an average salesperson and a great salesperson in the forex industry today is measured in millions, in income contribution terms." However, even the sales

side of the forex industry could clog up fast. Mr Robert McKnew, Bank of America's head of foreign exchange, says that virtually every time his bank offers a customer a price for a service such as an option, it is competing with other banks' prices. One result of the competitive market is the rise of "zero-cost options", hedging devices for which the customer only pays if a currency moves by more than he had bargained for. Margins are falling in sales as well as in spot trading.

All banks are hunting multinational companies, the most lucrative customers in the business. However, only a few large banks will be able to afford the high costs of servicing their needs. Mr Di Stefano explains that if you are to tell these companies how to manage their foreign exchange, you also have to be able to advise them on tax, structured finance and interest rates.

Geography matters, too. Ms Christiane Mandell, deputy head of global foreign exchange at Bank of America, says: "You can't say to a customer, 'You're dealing in Belgium now? Well, I'm terribly sorry but we're not very good there.' Banks have to be near their clients, she says. "If you're not in their town you'd better have a frequent flyer account." Mr Maasland also points to soaring technology costs, which prohibit entry into this market. He says that if a small bank has a customer who wants to open an office in South Africa, it is likely to come to a big bank for advice.

The biggest clients are demanding. J.P. Morgan has only 200 to 250 forex customers worldwide - but all need



Christiane Mandell: banks have to be near their clients

sophisticated service. At Citibank, sales people spend between a day and a week in their customers' offices, to see how they work. Mr David Creed, group treasurer of Tate & Lyle, the UK sweeteners and starch group, says: "If a bank doesn't provide any form of social contact at all, and if you don't ring our dealers, do not be surprised if you don't get much business."

For the forex sales business is very much a buyers' market. Banks are pouring into it, but customers are little more eager than before to spend pots of money managing their forex exposure. The demand for some of the new species of derivatives remains to be proven. Mr Di Stefano says: "When you

market new products, clients treat them with an additional degree of caution." NationsBank, which expanded strongly into forex two years ago, had to pull back after suffering on the sales as well as trading side. "Some of these guys are coming extremely late to the party," warns Mr Klaus Said, global head of forex at J.P. Morgan.

Deutsche Morgan Grenfell is the bank that has taken the biggest bet that sales will grow fast. It has an established customer base around the world, and in the past two years has invested heavily to service its clients' currencies needs. Other banks will be watching gleefully to see whether its bet pays off.

ANALYSTS • by Graham Bowley

## Smooth talk and sleek pay

Salaries can reach £1m, but there are downsides to the work of banks' communicators

In sleek dinner suits and elegant ballgowns, the bond, equity and currency analysts of the City of London paraded their personal disposable incomes at the annual Analysts' Dinner in one of the capital's glitzy hotels in February.

Beneath the glowing chandeliers and at the expenses-

paid bars, these smartly-dressed people, who make their living analysing the world's huge financial markets, celebrated one obvious benefit of their trade - their lucrative salaries. The talk was of enormous bonuses, and at the dining tables fistfuls of money changed hands as revellers gambled on the length of the after-dinner speech.

But the heady celebrations had a more serious side, and one which underlined one of the most important roles of the financial analyst - as a public relations manager for

the banks and investment houses which employ them.

While revelling in their good fortunes, the party-goers were careful to lavish every courtesy on their guests.

These, apart from the occasional journalist, were mainly investors, many of them potential customers likely to provide lucrative business for the banks' salesmen and traders.

"We are about trying to communicate ideas to the client in the hope that they are going to do business with us, and that is, in the end, what pays everybody's bills," said Mr Kevin Adams, a bond analyst at Barclays de Zoete Wedd in London.

"Our job is perceived by the bank to be about getting the bank's name out into the marketplace. We are seen as being fairly important PR people for the bank," added Mr Jeremy Hawkins, chief economist at Bank of America in London.

This pseudo-PR role may be becoming an increasingly crucial part of the analyst's job, and one which can perhaps explain the banks' readiness to employ such vast and expensive armies of analysts who contribute only

indirectly to profits. However, it is not their only role.

Within any bank there are men and women still providing the bank's own traders and salespeople with thorough analysis of day-to-day events in the financial markets, as well as forecasts of what they might expect in the future.

"It is still the analyst's role to bring some structure to what is going on in the foreign exchange markets, to put events into context and to provide some rigour for interpreting economic developments," said Mr Paul Meggyesi, senior currency economist at Deutsche Morgan Grenfell in London.

The analyst's role in this respect has become even more important as the flow of information on to the trading floor has increased, according to Mr Hawkins. "Increasingly, we are a filter for information. There are so many people with access to so much information that it is an overkill. It is for us to say what is important and what is not."

"We make our traders and salesmen feel confident and happy about taking a view. We sort out the big turning

points from what can often simply be high-frequency noise.

"We try to put an objective neutral point of view. Traders will want to interpret a piece of news in a way which is sympathetic to their own position. We help them see the woods from the trees."

The rewards for performing these roles are obvious from the lavish lifestyles some analysts enjoy. At their dinner in February there was much envious gossip about a leading pharmaceuticals analyst who had been poached by one investment house with the lure of a £1m annual salary and a percentage share of every deal involving a pharmaceuticals company in which the bank was involved.

But while many salaries may be comfortably into six figures, analysts' pay generally still compares poorly with those of their colleagues on the trading floor and on the sales desk.

Mr Adams said: "We are paid less than the high-flying salesman or trader because basically the bank's bottom line is hit harder if they walk than if we do. It is very



Paul Meggyesi: 'our role is to put events into context'



Jeremy Hawkins: 'we are a filter for information'



Kevin Adams: 'we are paid less than the big-hitting salesman'

easy to see what a trader makes for the bank, it is more difficult to see what an economist makes."

But the analysts' rewards are not all monetary. Many enjoy a high profile in the media; for others, the attraction is the immediacy with which they receive information from a wide array of sources and the speed with which they are required to react.

"It is one of the world's most sophisticated video games," said one currency analyst. "We sit here with hundreds of screens. And it has an immediate feedback: by the end of the day I can know whether the view I sent out in the morning was right or wrong, whereas if I was an academic economist I could spend two months

writing a paper and then nobody might be interested when I'd finished."

But, despite its perks, the analyst's job also has its downsides. Analysts are quick to point out that they are first in the office in the morning - in London, often as early as 6am or 7am - as they prepare morning briefings for traders and salespeople, seeding out morning faxes, and preparing for conference calls with their colleagues elsewhere in Europe and in Asia.

"We provide a round-up of what has happened overnight and highlight what is going to be important during the day ahead," said Mr Hawkins.

Another potential problem is that analysts, in their

rust to ingratiate themselves with clients, are exploited as being easy-to-use and willing databases. "They can turn us into glorified 'poppers'," said one analyst. "Some of the big investors will see people like ourselves as being at their beck and call."

There is also the problem of job insecurity. While analysts are richly rewarded, theirs is often the most vulnerable position, especially when market conditions are difficult.

Analysts are probably more mobile between jobs than most other professions, and expect to move from one bank to another at least once during their career. That move could be the result of being "head-hunted" - or being made redundant.

NETTING • by George Graham

## Settlement risk has banks in a quandary

Many are hesitating because they have a choice of technique

Mr Peter Bartko, chairman of FXNet, has had to learn patience. His organisation, which provides an automated service for bilaterally netting out currency payments, has for the past 12 years offered banks a tangible reduction in the risk of a foreign exchange settlement failure. For much of that time, however, it has been a solution to a problem which few banks found pressing enough to warrant action.

"Experience shows that when faced with a choice of selecting from a number of competitive systems, or doing nothing at all, banks frequently opt to do nothing at all, or at the very least to wait for somebody else to go first," Mr Bartko said.

Today, most banks are acutely aware that they have a real problem. Indeed, they even face a deadline of spring next year for doing something about it.

The "Orange Book", a report produced last year by the Bank for International Settlements, made it clear that the leading central banks still remember the 1974 failure of Bankhaus Herstatt, which remains the only large and concrete manifestation of foreign exchange settlement risk. If private sector banks are not willing to act soon, the central banks will do it for them, the Orange Book warns.

Yet many banks are still hesitating between the different choices of technique for reducing foreign exchange settlement risk. Besides FXNet, other bilateral netting schemes are in operation, while two multilateral netting schemes, Echo and Multinet, are now also in contention.

The bilateral schemes take a series of gross currency payments going both ways between two banks and convert them into a single netted payment. The multilateral systems take all of a bank's foreign exchange payments with other members and net them down further to a single payment into or out of the scheme. This results in a further reduction in the number of payments actually required at the end of the day.

Beyond these schemes lies the Group of 20 plan developed by some of the world's largest banks to set up a special purpose bank to carry out continuous linked settlement of foreign exchange payments. This system would settle both sides of a foreign exchange transaction simultaneously, thus eliminating entirely - at least in theory - the lag between payments in different time zones which lay at the heart of the Herstatt problem.

Banks have traditionally faced two problems in deciding what to do about their settlement risk. The first was critical mass. The benefits of joining a netting scheme are minimal unless your biggest trading partners also sign up. The second was the fear of backing the wrong horse. Because the critical mass argument is so powerful, many banks believe there is ultimately room for only one solution, so a commitment to one of the contenders runs the risk of proving to be a waste.

Underlying these two problems is a hard-nosed cost/benefit analysis. Even though the banking system's exposure to foreign exchange settlements goes wrong is stupendous, the risk that they

might do so is almost incalculably small - Herstatt remains the only real example of such a foreign exchange settlement failure, although central bankers argue that the system has come to the brink on other more recent occasions.

But netting systems are finding that these credibility problems are gradually eroding. FXNet now claims to handle around 13 per cent of the world's foreign exchange trading flows, which is a big enough volume to provide tangible netting benefits.

FXNet says it is now eliminating \$90bn-\$100bn a day of foreign exchange settlements from the world's payments systems, a reduction of 51 per cent in settlement risk. Additionally, FXNet is working on an automated link with Multinet, which would allow payments that have already been netted bilaterally to be netted multilaterally, providing the potential to cut another \$50bn-\$60bn a day out of the payment systems.

A 51 per cent reduction in settlement risk today with the potential of an 80 per cent reduction in the near future is "jam today", not a "blue sky" dream of tomorrow, Mr Bartko said.

Echo, too, now has 16 live members and another six signed up, providing very significant risk reductions. Its membership includes not only commercial banks but also investment banks, as well as AIG, the large US insurance group.

Mr Peter Davey of Echo says some member banks have found they are getting an average risk reduction of around 86 per cent, with peaks at more than 90 per cent. As proof that banks are starting to find concrete benefits in netting, some Echo members are starting to encourage their counterparties to sign up, and extending larger trading limits to them if they do so.

"The benefits can be reaped straight away and are big enough to be worthwhile. The key cost is the cost of delay," he said.

Mr Theo van Koningsveld, head of foreign exchange and money market trading at Rabobank, the large Dutch bank, says he is already actively encouraging his traders to deal with counterparties which are also Echo members.

In the near future, as part of a comprehensive overhaul of its counterparty limit structure, Rabobank plans to incorporate bilateral and multilateral netting as factors in calculating limits.

Netting systems have also been boosted by the rapid advance of electronic foreign exchange trading systems such as EBS. Because a bank does not know in advance who will hit your price on the screen, it has much less control over who it trades with, so risk reduction becomes more important.

The more participants in a netting scheme, the greater the reduction in risk and payment volumes. Today's benefits would be multiplied, therefore, if the competing systems could be rolled into one.

That is what the world's largest foreign exchange trading banks continue to encourage. Besides FXNet's work with Multinet, talks have been proceeding for some months on a possible rapprochement between Multinet and Echo. In an ideal world, payments could be first netted bilaterally, then those netted payments could be further netted in a single multilateral scheme; finally, the multilaterally netted payments could be settled in the G-20's continuous linked settlement bank.



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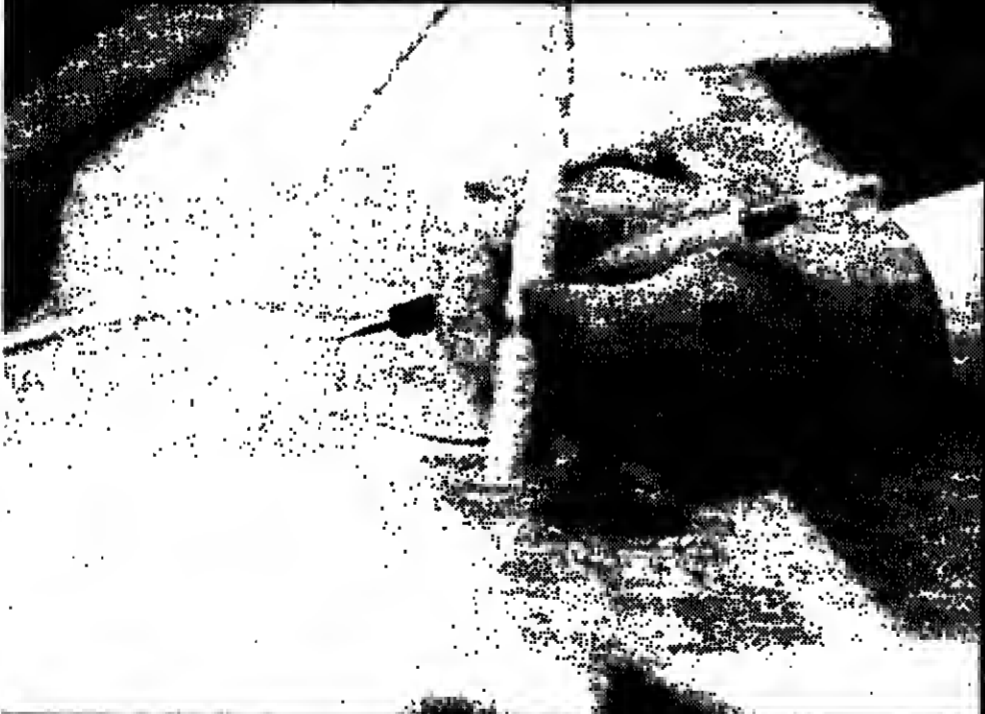
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## RECRUITMENT

Richard Donkin on a new attempt to stimulate debate on the future of work

## Hunt for a working hypothesis

**D**o we need to re-examine the way we work? That is the question posed by the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), in a project to investigate the implications of changing work patterns.

The RSA's contention that it is focusing on "one of the big issues of the day" would appear to be supported by the growing body of literature on the changes already experienced in the way people work. To stimulate debate, the society has published a discussion paper, *Key Views on the Future of Work*, which neatly summarises some of the main arguments on the subject.

Written by Valerie Bayliss, a former director of youth and education policy at the Department of Education and Employment, the paper begins by summarising the sort of changes under discussion. It points out that a predominantly male UK labour force has been replaced by one in which nearly half are women.

The dominance of manufacturing has been broken by the service industries which now employ almost

half of all workers. The geography of employment has shifted from the north towards the south and east and nearly every workplace is computerised.

Demographic changes mean that fewer young people are entering work under the age of 18. And a quarter of the population of working age is now economically inactive - rising to half for men aged between 55 and 65.

Full-time work, once the norm, is supplemented by increasing numbers of employees on part-time, temporary or fixed contracts. Self-employment is also on the increase with one in eight now working for themselves.

The RSA seems reasonably assured that all these factors amount to a problem - though Bayliss admits there is considerable debate over the nature of the problem.

Jeremy Rifkin, in *The End of Work* (Putnam), forecasts

that the march of technology will create an almost workless world. Bill Bridges, on the other hand, argues in *Jobshift* (NB Books) that it is not so much work that is disappearing but the employment package we recognise as a job.

Searching for potential solutions, Bayliss turns to Stanley Aronowitz and William DiFazio's book, *The Jobless Future: Sci-Tech and the Dilemma of Work* (University of Minnesota Press). This outlines the need for a society where everyone receives a guaranteed income but no able citizen is free from the obligation to work. Such a society, says the paper, would be supported by a more redistributive taxation system and labour market regulation.

Significantly, she notes that almost all the authors she has studied call for more investment in skills. Ewart Keep and Ken Mayhew, for example, argued in a collec-

tion of essays on work published by the Joseph Rowntree Foundation (*Education, Training and Employment Prospects*) that the biggest problem for UK employment is rising demand for skills in those parts of the economy that compete internationally.

Bayliss concludes that the chief distinction in the debate is between "those who believe that the forces operating to reduce jobs are irresistible and those who believe those forces can be controlled".

She adds: "There is a near-universal belief that it is a matter of political will how far the available work, and the resulting income, is shared or concentrated among populations."

Given the history of changing work patterns it may be pertinent that Bayliss remarks upon the lack of discussion over new work. "It is remarkable how little credence, or even debating

space, is given to the notion that technology will, of itself, generate jobs of a kind we cannot yet foresee," she writes.

Contributions to the debate can be sent to: RSA, 8 John Adam Street, London WC2N 6EZ. You can join an online debate on the subject via the Internet at: <http://rsa.cappgemini.co.uk>

## Record demand

Recruitment demand for senior executives has risen by 24 per cent in the first quarter of 1997 over the same period in 1996, according to MSL, the human resource group, which has just published its quarterly index of advertised posts.

The quarterly index, regarded as a useful indicator of economic growth, now stands at 167 against the base figure set in 1989 - its highest level since the first quarter of 1990.

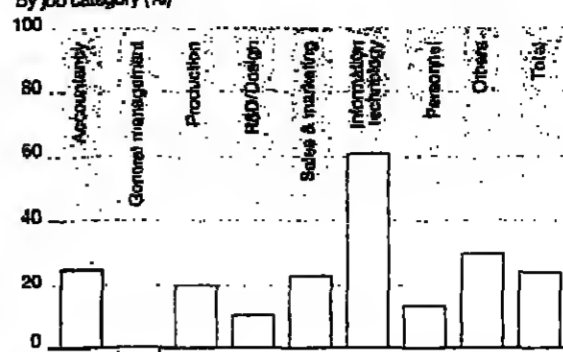
The moving annual total, which smooths out seasonal fluctuations, has not fallen since the third quarter of 1992. Information technology remains the leading job category, followed by accountancy, sales and marketing. Advertised demand for general management, however, has fallen 12 per cent on the same period last year. Gary Long, MSL Group chairman, believes this may be a cause for concern.

"The category of general management is viewed by economic forecasters as six months ahead of what will actually happen in wider economic terms," he says. "Its decline may therefore be significant."

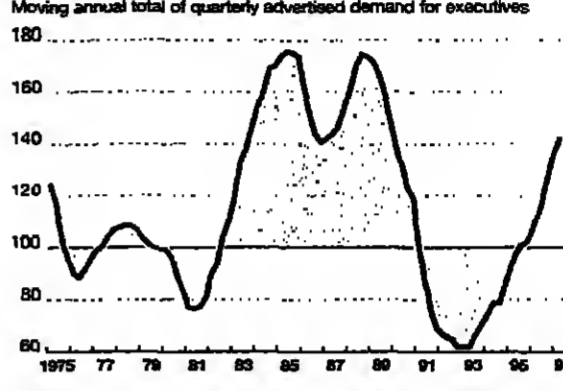
Long warns that recruitment activity may have begun to slow down ahead of the general election. "In previous election run-ups there has been a marked downturn in recruitment advertising activity in the quarter prior to election day."

## MSL recruitment index

Change Q1 '97 on Q1 '96  
By job category (%)



MSL recruitment index (1989 = 100)



## Investment Banking Executives

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£Excellent

Schroders is a leading international investment banking and fund management group with a superior track record of success in all of its markets. We provide a high level of specialised services to a select range of blue chip clients and enjoy a formidable reputation.

Our corporate finance and equity capital markets activities have generated a considerable deal flow in both domestic and international markets. Following another successful year and recent promotions, Schroders is seeking to recruit a limited number of talented professionals at Executive level.

Schroders' European Corporate Finance Division is a leading financial advisor to international and domestic companies across Europe. Our business includes the structuring, execution and financing of mergers and

acquisitions, both public and private, domestic and cross-border. We provide our clients with advice covering a wide range of issues including public offers, private acquisitions, defences, trade sales, demergers and other corporate restructurings. We are active in international equity capital markets working with major corporations and governments in the structuring and execution of primary and secondary equity and equity linked transactions to meet the needs of issuers and investors worldwide. The business is focused on providing sophisticated customers with pre-eminent investment banking services tailored to their requirements.

We are keen to recruit high calibre executives into our coverage and execution teams, equity capital markets team and our industry teams, which

provide specialist advice in all major sectors. Successful applicants wishing to develop a career within Schroders' UK corporate finance, equity capital markets or industry sector teams will have the following areas of responsibility:

- Business development support and production of presentation and marketing materials.
- Support for the execution of transactions.
- Initiation and development of client relationships with key figures in European corporates and government bodies
- Detailed sector and company research to identify market trends.

This is an excellent opportunity for commercially astute newly qualified accountants, lawyers or strategy consultants or others who believe that they have the skills and commitment to move into corporate

finance or for candidates with relevant investment banking experience who wish to progress their careers.

Successful candidates will have a good academic background and possess excellent technical and analytical abilities. In addition, initiative, creativity and strong interpersonal and teamworking skills are pre-requisites in order to succeed within this dynamic environment. Fluency in two European languages including English would be advantageous.

If you are an ambitious and dedicated professional and are interested in becoming an integral part of Schroders' success then please write enclosing a full curriculum vitae to: David Perry or Rachel Hartley, at Schroders, 120 Cheapside, London EC2V 6DS, or telephone 0171 499 1176 for an informal confidential discussion.



Schroders

## SENIOR INVESTMENT BANKING ASSOCIATE

**THE COMPANY:** Our client is a leading European based Global Investment Bank with an outstanding reputation. The bank has over 10,000 employees in more than 40 countries around the world and a capital base of over \$10 billion. They have conducted business in Poland successfully out of their London and Warsaw offices. They are continuing to expand into the Central and Eastern European arena and wish to recruit a high calibre Senior Associate for their Corporate Finance team in Warsaw.

**THE ROLE:** This is a demanding role in a new and exciting environment. The role involves working closely with clients to identify and introduce new products suitable to their direct requirements. It also involves liaising with other Western European based financial institutions to provide Central and Eastern European market information. Developing and implementing strategic, marketing and operational plans. International travel is an integral feature of the position.

**THE PERSON:** You will be currently working in a similar role with a minimum of 2-3 years' transaction/execution experience and already have direct involvement within the Polish market.

- A legal, accountancy or business school qualification
- Professional experience and training
- Excellent research, analytical, interpersonal and organisational skills
- Be an assertive marketer who is meticulous, tenacious and able to be trusted to represent the Bank in a highly professional manner
- Fluent Polish and English language skills

Minimum of 2 years' experience in two or more of the following areas within the Polish market:

- Rotations and New Issues
- Mergers and Acquisitions
- Market Analysis and Targeting
- Corporate Advisory
- Structured Finance
- Privatisation

Please forward your full resume in the strictest confidence, quoting reference no. FT3110 to: Antal International, Shropshire House, 1 Copper Street, London, WC1E 6JA. Telephone: +44 (0) 171 637 2001 Fax: +44 (0) 171 637 0949, or Antal International, ul. Tarnka 38, 00-355 Warszawa. Telephone: +48 (022) 828 1251/49 Fax: +48 (022) 828 1252.



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"Serving the Emerging Markets"

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## SENIOR FIXED INCOME SALES

**THE COMPANY:** Our client is a leading regional, fixed income sales and trading, research and underwriting house and is backed by one of Europe's largest capitalised banks. The Company is the only major brokerage house that trades Central and Eastern European Eurobonds, side by side with domestic issues.

**THE ROLE:** You will be a key member of the fixed income sales team focusing on sales of regional fixed income products to Western European clients. Your role will include: Serving the existing client portfolio, developing the business and following deals from mandate to pricing; Identifying and introducing new products suitable to their direct requirements; Liaising closely with clients to identify and introduce new products suitable to their direct requirements; Interacting with other Western European based financial institutions to provide Central and Eastern European market information; Developing and implementing strategic, marketing and operational plans; International travel is an integral feature of the position.

**THE PERSON:** Ideally you will fit the following profile:

- Likely to be mid 20's to early 30's
- 2 or more years' experience within a blue chip Merchant/Investment Bank/Brokerage House
- Fixed Income Sales experience with some Central and Eastern European product exposure is preferred
- University graduate (legal, accountancy or business school qualification), MBA ideal
- Must be an assertive sales person who is meticulous, tenacious and able to be trusted to represent the organisation in a highly professional manner
- Fluent written and oral English language skills required.

Please forward your full resume in the strictest confidence, quoting reference no. FT3109 to: Antal International, Shropshire House, 1 Copper Street, London, WC1E 6JA. Tel: +44 (0) 171 637 2001 Fax: +44 (0) 171 637 0949.



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US GLOBAL INVESTMENT BANK  
ADVANCED FINANCIAL PRODUCT SALES

## LONDON

This successful company is a market leader in global investment banking and securities. The company serves both suppliers and users of finance around the world providing capital-raising services, developing and offering innovative financial products for a wide range of institutional clients.

An opportunity has arisen for an exceptional individual to join a specialist team within this organisation. Forming part of a comprehensive sales force responsible for numerous high quality financial products, you will provide stock indices information to investment managers in the UK and pan-European markets. The successful candidate is likely to be currently working for a leading

financial institution or a financial information services company and will be able to demonstrate the following:

- At least three years proven track record in a demanding sales environment
- A genuine interest and in-depth understanding of UK and European equities, in particular performance measurement
- The ability to develop and maintain strong working relationships
- Exceptional communication and presentation skills, both verbal and written
- The ability to work under pressure and meet deadlines
- A second language, preferably French, is desired but not essential

## £COMPETITIVE SALARY + EXCELLENT BENEFITS

This is an exciting opportunity for an individual to join a market leader with an outstanding reputation for providing long term career progression.

If you have the necessary prerequisites, and believe you have what it takes to develop your career in this dynamic and exciting international business, please contact Sonia Thomas or James Rust at Robert Walters Associates by sending a detailed Curriculum Vitae stating current remuneration to 10 Bedford Street, London WC2E 9HE or faxing details for their attention on 0171 915 8714. Email: [sonia.thomas@robertwalters.com](mailto:sonia.thomas@robertwalters.com) or [james.rust@robertwalters.com](mailto:james.rust@robertwalters.com)

ROBERT WALTERS ASSOCIATES



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# MARKET RISK MANAGEMENT

## CITY

**EXCELLENT**

This global U.S. Commercial and Investment Banking Group has assets in excess of \$330 billion and operations in 52 countries around the world. Pre-eminent in the FX, fixed income and debt markets they are experiencing outstanding growth due to their commitment to client relationships and to the dedication of their 65,000 employees. This growth in business activity has led to 5 opportunities in their highly regarded Market Risk Management Unit.

### GLOBAL VALUATION POLICY COORDINATOR

This demanding role within the Market Risk Team has been created to liaise with the front office teams in order to review new products and the valuation methodologies being used. The successful candidate will have:

- at least 2 years experience in a market risk or line role in a major bank
- excellent interpersonal skills
- probably be a qualified accountant with a strong mathematical background

### RISK POLICY ANALYSTS

One FX options and one Interest Rate and Equity derivatives analyst are needed in this area of the risk group. There is a wide product range from vanilla to complex OTC derivatives and the Bank is looking for individuals with the following skills:

- strong experience in a line or research department
- strong mathematical background
- excellent interpersonal skills

### RISK SUPPORT

Two recent mathematical graduates or PhDs with strong quantitative skills are needed as a support function to the risk team. The role provides an outstanding opportunity for a first position in financial services. The successful candidate will have:

- a strong interest in the financial markets
- a desire to learn and to work hard
- strong computer skills

If you are interested in these excellent opportunities, and feel that you have the necessary skills to offer the organisation, you should contact Gavin Bonnet or James Mackenzie, ACA on telephone 0171 379 3333, fax 0171 915 8714 for an initial discussion, or send a detailed CV stating current remuneration to Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Email: gavin.bonnet@robertwalters.com or james.mackenzie@robertwalters.com

**ROBERT WALTERS ASSOCIATES**


LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY WELLINGTON AUCKLAND

## Research Managers Global Research Group

HSBC Asset Management is the global investment advisory and asset management business of the HSBC Group, one of the world's largest banking and financial services organisations.

We are currently seeking two senior quantitative research professionals to join our Global Research Group. Based in London, successful candidates will play an integral part in a truly global team which has responsibility for:

- developing global asset allocation models, focusing on both expected returns as well as risk and correlations;
- developing sector and stock screens for a range of countries/regions;
- developing and implementing portfolio risk measurement and monitoring systems.

Candidates will be graduates, with an advanced degree in Finance and/or Economics, with at least five years in the investment industry. Experience in quantitative research for a fund management organisation will be a distinct advantage, as will advanced computer skills.

In addition to the technical requirements, you will need to demonstrate well developed interpersonal and communication skills, enabling you to work effectively within the Global Research Group and with investment professionals across the company. Flexibility and tenacity are also key personal attributes that we look for.

Please send your CV and details of your current remuneration to Morag Forbes-Slater, HSBC Asset Management, 6 Bevis Marks, London EC3A 7QP. Fax: 0171 336 5775.


**HSBC Asset Management**

Member HSBC Group

WORLD CLASS PERFORMERS

## Experienced Corporate Finance Professionals

Outstanding opportunities  
in one of the world's most exciting emerging markets

Highly competitive packages

Price Waterhouse Corporate Finance has a network of 800 dedicated specialists operating in 55 countries around the world. In 1996 our global network advised on more than 240 transactions completed worldwide with a total value of more than \$12 billion.

Central and Eastern Europe, where PW already numbers 50 partners and over 2000 staff, provides us with an outstanding opportunity to assist our clients with our expertise in M&A, valuations and finance raising. We are currently experiencing major growth in demand for our services and are already the largest integrated Corporate Finance practice in the region with 225 specialist professional staff.

You will have a strong track record of achievement in your career to date and will have 3-8 years' experience of corporate finance work, possibly gained with an investment bank. Ideally this will have included M&A and finance raising in addition to valuations, business planning and analysis.

More senior candidates, with 8 or more years' relevant experience, will also be considered at Director level. Any prior experience of deals in emerging markets or knowledge of Central or Eastern European languages would be an advantage.

Remuneration packages will be highly competitive and will include an attractive range of expatriate benefits.

Interested candidates should send a comprehensive resume, in confidence, to: Charles Macleod, Senior Recruitment Manager, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 8SY. Fax: (+44) 171 930 3131 and E-mail: Charles.Macleod@europa.notes.pw.com

Initial interviews will be held shortly at a mutually convenient PW office.

**Price Waterhouse**

Your world of opportunity



Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.



## THAMES WATER FELLOWSHIP IN STRATEGIC MANAGEMENT



Applications are invited for this new Fellowship sponsored by Thames Water at Templeton College, Oxford University's newest graduate college. Its purpose is to explore and develop new thinking in strategic and transformational change in large organisations, and its leadership and management.

The Fellowship will also provide the opportunity to work with the senior executive teams of major College clients on innovative programmes of research and executive education.

Further details from Val Maggs  
Personnel and Administration Manager  
Templeton College  
Oxford OX1 5NE

Tel: +44 (0)1865 42769  
Fax: +44 (0)1865 42501  
Email: val.maggs@templeton.oxford.ac.uk  
Internet: http://www.templeton.ox.ac.uk

## Associates Corporate Finance/M&A

Exceptional opportunity for ambitious investment banking professionals  
City \$200,000 plus

Our client is a leading US 'bulge bracket' investment bank with global leadership positions in Corporate Finance, Debt & Equity Capital Markets, Sales, Trading and Research. The Corporate Finance Department originates and executes domestic and cross-border mergers and acquisitions, strategic advisory, corporate restructuring and equity issuance business. It now seeks further Associates to contribute to the continued growth of this area.

Key responsibilities will be as follows:

- support senior industry and geographic coverage bankers in the identification and winning of mandates with new and existing clients;
- develop corporate finance/M&A solutions to service clients' needs on a pan-European basis;
- provide control and execution support in managing transactions, ensuring the delivery of outstanding quality of service.

Candidates will be graduates in their mid twenties to early thirties, possibly with an MBA or other financial qualification. They are likely to have between two and five years' relevant experience in transaction based corporate finance and/or advisory work in a respected financial institution or consultancy. Fluency in further European languages, particularly French, German and Italian, would be a considerable advantage. Key attributes will include first rate analytical skills and presentation ability, high energy levels and the ambition to succeed in a competitive, performance driven environment.

This leading investment bank offers excellent career development opportunities on a global basis. The remuneration package is structured to attract the best and includes a full range of executive benefits.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 6861 on both letter and envelope, and including details of current remuneration.



SEARCH & SELECTION

86 JERMYN STREET, LONDON SW1Y 6JD. TEL: 0171 468 3800  
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### MANAGEMENT TRAINEES

2 individuals aged 22-25, with sound academic background required. Experience not necessary but the ability to assimilate on both a technical and conceptual level essential. Potential to progress to senior management with full profit participation in 27 years. Call: ROSS GLANFIELD 0171 240 3310

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MARTINIQUE BASE  
Fluent French/English. Know US GAAP. Mgt. industry exp. 5 plus years in financial management position. Responsible for all accounting and financial activities, budgets, etc. Finance & Administration. Compensation open to competitive.  
Resumes to: 15445 Ventura Blvd. #165 Sherman Oaks, CA 91403 or FAX: 818-981-6525

### APPOINTMENTS WANTED

Young Swiss girl  
looking for Aupair-job,  
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Please write directly to:  
Mrs. Magdalena Haab,  
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### INTERNATIONAL FUND MANAGEMENT GROUP is seeking to recruit

SENIOR VENTURE CAPITAL MANAGER  
For an internationally sponsored reconstruction equity fund in Bosnia Herzegovina

#### THE ROLE

- Set up and manage an equity fund for the reconstruction of Bosnia Herzegovina
- Coordinate and head a locally based team of international professionals
- Responsible for jointly analyzing and managing equity investments in local SME's
- The successful candidate will be required to spend the majority of his/her time in Sarajevo

#### THE PERSON

- Typically aged over 35 years, the person will possess excellent interpersonal skills, entrepreneurial spirit and the ability to motivate teams

#### QUALIFICATIONS

- Demonstrated track record of at least 5 years in either a venture capital and/or Corporate Finance environment
- Experience in performing due diligence and evaluation of investment opportunities
- Proven ability to manage, develop and train local teams in complex environments
- Fluency in English is a must
- Candidates with experience in emerging markets and/or fluency in slavic languages will be given preference

The remuneration package will be extremely attractive, including expatriate benefits and a car.

All responses will be treated with the utmost confidentiality.

Please send CVs by Telefax to:

Fax No: 0039 40 3197 400 or alternatively write to Financial Times, Box A5409, One Southwark Bridge, London SE1 9HL

### Leading International Bank seeks

## Commodity Finance & Trading Lawyer

Paris based

Our Client: International Bank particularly active in commodity business (trading, corporate finance) seeks a Commodity Finance & Trading Lawyer (Energy and Metals), for the legal documentation department of its Capital markets division.

#### THE PERSON:

- English qualified lawyer, US and French law experience appreciated.
- Fluent in English, French a plus.
- Three to eight years' experience within an international Law firm, a corporate (legal documentation division) or an international financial institution.

The position offers an attractive remuneration package. In complete confidence, please write with CV to Danielle ELOUEIS, COR'EX, 11, av Myron T. Herriot, 75008 Paris. Téléphone (33) 01 42 56 29 57 (Rég. CFL).



VUCHOT WARD HOWELL

## TREASURY MANAGEMENT PROFESSIONALS

Owing to exceptional growth, a number of opportunities now exist for Senior Treasury Management professionals in Prebon Yamane UK's Financial Consulting Services Division.

The Division provides non-banking clients with informed views of new developments within the financial markets and gives expert advice on procedures and best practice, debt and investment management.

Successful candidates are likely to be professionally qualified with Treasury Management experience in UK local government, housing finance, the public sector, a major building society or other financial institutions.

This is a unique opportunity to become part of an exciting development within one of the world's premier international money brokers. Attractive remuneration packages will be offered to candidates demonstrating the level of skills and experience required.

In the first instance, please write, with your CV, to Jo Garrigan, Prebon Yamane UK Limited, 155 Bishopsgate, London EC2N 3DA.



prebon yamane

## APPLY YOUR TREASURY EXPERTISE TO INTERNATIONAL SOFTWARE CONSULTANCY

London Based European Role

Competitive Salary & Benefits

Platinum Treasury Systems serves the global market for treasury, cash and risk management systems from offices in Chicago, Sydney and London. The company has built an impressive blue chip client base and is now particularly focused on growth in the European market. This has led to the need to recruit further high profile candidates to the role of Treasury Systems Implementation Consultancy.

### The Products

Integra-T is an innovative and acclaimed range of software products. It is a scalable client-server based multi-currency, multi-company software suite that provides complete back and front office functionality. It is a comprehensive means of monitoring and managing currency, interest rate, liquidity, credit and commodity risk.

### The Role

You will use your corporate treasury knowledge to help current and potential clients see the real benefits of our solutions. This will take the form of system demonstrations, workshops and proposals and working with clients on-site in the UK and continental Europe to help implement Integra-T treasury systems solutions.

### The Person

We seek impressive corporate Treasury experience combined with a strong interest in IT, with hands-on experience of Windows 95 or NT, MS SQL Server and SQL report writing. In addition, you should possess well developed communication skills and have in-depth understanding of financial market instruments and practices.

For the seasoned professional who is attracted to the prospect of European travel, the position promises a high profile challenge with outstanding career prospects in a well established organisation which is committed to growth.



Please write to our advising consultant, Brian Kemp, Executive Network Consultants Ltd., Coveham House, Dovecot Bridge Road, Cobham, Surrey KT11 3EP. Tel: 01932 576600. Fax: 01932 888786. E-mail: encl@btinternet.com

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## PROPERTY TRADER

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### INTERNATIONAL FINANCIAL TRADING GROUP

Our client generates profit through investment in selected property situations through a range of innovative transactions and is now expanding its operations. The day to day management of the UK property business will be largely at the discretion of this individual, who will be responsible for the formulation of investment recommendations. The successful applicant will be responsible for creating the deal flow, financial and market analysis of the transactions and the execution of high value opportunities in this very competitive market, as well as oversight of asset management and responsibility for the P&L consequences. We invite applications from degree educated candidates, preferably ARICS, with a minimum of 5 years' experience in the UK property market in a principal investment rôle or as an investment advisor, or possibly in development. An extensive network of contacts in the UK property market and knowledge of property financing techniques is essential. The position calls for a high degree of independent thinking, adaptability and the ability to conduct trades with minimal assistance. Applications in strict confidence under reference PT6190/FT to the Managing Director, CJA.

## Vice President

### UK Asset Management

London

c £70,000 package plus benefits

Significant career opportunity to join the expanding UK Marketing Operation of a major multi-billion dollar global provider of investment management services.

Key tasks will be to develop and grow a complete fund marketing capability within the UK with a particular focus on increasing brand awareness in the Consultancy sector.

Reporting directly to the Head of Marketing and joining a culture that is dynamic, forward thinking, sales driven and recognised as being at the leading edge of investment management.

Candidates will be graduate calibre and have a financial sector background, probably commercial or investment banking. Investment management experience, a major plus.

A team player, able to think strategically and understand a wide range of equity and FI products. Ability to work opportunistically in all sectors using a consultative relationship based approach.

High energy individual with credibility and personal stature. Strong negotiating skills with a proven ability to maintain success over time.

Please write in confidence to Paul Vennings, giving details of your career and current earnings, quoting reference 2558.

O & CO SELECTION LTD, 7 CURZON STREET, LONDON W1V 7PL. Fax: 0171 499 6725.

O&CO

AN ODGERS GROUP COMPANY

## Italian Equity Fund Manager/Analyst

Milan

Our client is a prestigious fund management group with significant funds under management on behalf of a wide range of UK and international clients. Its Italian subsidiary has established a leading position in that market and is well placed to play an active rôle in the forthcoming development of the pension fund market in Italy.

An exciting opportunity has arisen for an additional individual to join a team based in Milan as a portfolio manager primarily focusing on Italian equities whilst to a lesser extent supporting on other international equity markets.

Candidates must have an excellent

academic background and a minimum of 3 years' experience within fund management ideally including coverage of the Italian equity market. Well developed analytical skills are very important and at least a basic knowledge of Italian is preferred.

An attractive remuneration package including a competitive basic salary, bonus and a range of other benefits will be offered to the successful candidate. To apply please write enclosing your CV (including details of your current salary package), quoting reference 1279, to Andrew Thompson at FLA Limited, 211 Piccadilly, London W1V 9LD. Tel: 0171 917 2930, Fax: 0171 895 1353.



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appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For further information please call: 0171 873 4027

## Quantitative Bond Analyst

City

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Our client, a major global investment bank, is one of the leading players in the international bond market. An opportunity exists for an experienced quantitative analyst within this fast growing Bond Research Group, whose function will be to design and implement trading strategies for the full range of Fixed Income products. The role will involve developing analytical methodologies to include portfolio optimisation, cross market analysis and derivatives products.

The successful applicant will meet the following criteria:

- An excellent academic record, to include an MBA / MSc or PhD in a relevant discipline.
- 2+ years experience of FI research (buy or sell side) & be proficient at providing market views and trading ideas using a range of analytical techniques.
- Strong quantitative and financial modelling skills.
- Excellent communication skills. Knowledge of written and spoken German useful.

This is an opportunity to work with a dynamic team and to bring an innovative approach to the group. The successful applicant will enjoy a structured career path and a remuneration package to reflect his/her exceptional abilities.

Please send CV or contact Tabassum Ahmed at Rizwan Nash Ltd.  
45 Beech St., London EC2Y 8AD. Tel: 0171 628 5222. Fax: 0171 628 6270



Rizwan Nash

## Sassoon

### BROKER: SOUTH EAST ASIA

Expansion of the U.K. client base has resulted in a requirement for two Salespersons. Sassoon is one of the leading Singapore brokers and has been established in London for over ten years. Most of the Pacific Rim is covered with particular emphasis on Hong Kong, Singapore and Malaysia, which are covered by experienced research teams. The current team averages over 20 years experience in the City.

The first candidate should have at least three years experience of the above markets and an established U.K. client list. He or she would probably be currently employed by one of the "integrated" U.K./U.S. Brokerage Houses.

The second candidate should have experience of broking and a thorough knowledge of the region.

Performance will be rewarded with an excellent salary and attractive incentives.

Interested candidates should write to:

Rupert Byng, Sassoon (Europe) Limited  
53 Tooley Street, London SE1 2QN

All replies will be treated in strictest confidence.

The world business organisation present in 130 countries is seeking for its Paris-based International Secretariat:

## Director of Finance and Administrative Services

Wide experience of financial control. Knowledge of French tax and labour legislation essential. Perfectly bilingual in English and French. International outlook. Professional background in industry or financial sector. Sound understanding of information technology (personal computers and networks). Good interpersonal skills, ability to work well under pressure and as part of a high-level international team. All nationalities may apply.

Please send comprehensive CV, photograph and salary details in confidence to the International Chamber of Commerce - International First Director - 38, rue de la Harpe - 75008 Paris (France) Fax: (33.1) 49 53 28 06



## AMBITIOUS BANKERS

We are looking for bankers with current track records as managers heading up divisions and with experience in any of the following:

Trade Finance; Shipping; Project and Structured Finance; Treasury; Capital Markets; Credit and Administration.

Please send C.V. in strictest confidence to K.G. Management Consultants Ltd., 33 Eccleston Square, London SW1V 1PB; or fax to (0171) 834 3544; or E-mail to gco@premmi.sonnat.co.uk



are looking to expand their Bullion as well as their Moneymarket Teams in Zurich, and are offering the following positions:

### BROKER in Bullion for Spot, Options and Forwards

and

### BROKER in Money-Markets for Cash, FRA and IRS

Applicants should have excellent experience in Dealing and/or Broking in their respective markets.

Interested persons are invited to send their application with CV directly to Jürg P. Angehrn, Managing Director, Premex AG, Dufourstrasse 101, 8034 Zurich  
Tel: 41-1-389 81 00/FAX 41-1-389 81 05  
E-Mail premex@bluewin.ch

## JAPANESE FUND MANAGER

### HONG KONG BASED

The investment division of a major European banking group wishes to recruit a Japanese equities fund manager to be based in Hong Kong. The position offers early responsibility and autonomy within a close-knit, stimulating peer group.

The ideal candidate will have around three years experience in fund management, either managing money or as an analyst. Preference will be given to candidates with hands-on money management experience.

Attractive all-in remuneration package, to include relocation/housing allowance. Please reply with detailed resume, (including current compensation) to

Box A5408, Financial Times,  
One Southwark Bridge, London SE1 9HL

## RESEARCH OPPORTUNITIES

Enskilda Securities is the investment banking division of Skandinaviska Enskilda Banken, one of the Nordic area's largest commercial banks. Enskilda is a leading European institutional equity brokerage with offices in Stockholm, London, Frankfurt, Helsinki, New York, Oslo and Paris.

The Nordic equity research team currently consists of 30 people, of whom the majority are based in Stockholm. Enskilda's research activities are organised in a matrix of sector and country specialists, with emphasis on the former. Sector research is conducted on a pan-Nordic base but in certain cases is extended to other European markets. To support our ambition continuously to develop and expand our research product, we are now seeking to expand the team.

### Nordic Information Technology Analyst

You will have a professional background in the Information Technology area coupled with a keen interest in the stock market. Background in equity research and good knowledge of quoted IT companies in the Nordic markets is naturally a considerable advantage but not a prerequisite.

### Analyst - Sweden

You will be based in Stockholm and be responsible for a number of important companies where sector specialisation is not essential. In addition, the position will entail a certain amount of strategy work on the Swedish stock market. The ideal candidate will have a minimum of two to four years' research experience with a reputable stockbroker.

### Assistant - Nordic strategy

You will at least initially be based in London, will work together with the Nordic strategy team and should have excellent computer skills, a keen interest in the stock market and a good understanding of the basics of accounting and valuation techniques. A background in stockbroking or a similar environment is an advantage but not a prerequisite.

For all candidates, we particularly value the following qualifications:

- strong drive and ambition constantly to improve;
- a team player;
- proficiency in both written and spoken English;
- regard the international client base and a certain amount of travelling as a plus.

Enskilda Securities can offer interesting and challenging assignments and career opportunities within an international environment of highly motivated and dedicated professionals. The right candidates can expect a competitive remuneration package.

Please send CV and a short covering letter as soon as possible to either: Tina Bentley +46 8 763 80 00 Stockholm, Enskilda Securities, 103 36 Stockholm or Judy Elmes +44 171 246 4000 London, 2 Cannon Street, London EC4M 6XX.

Enskilda Securities

A division of Skandinaviska Enskilda Banken

## A Challenging Future With Cedel Group

The Cedel Group is a dynamic and fast growing international organisation comprising five subsidiaries, including Cedel Bank providing clearing, settlement and custody administration services on a global basis. The Group's products and services are provided by a multi-national, customer focused team of more than 700 people based in New York, London, Dubai, Tokyo, Hong Kong and operating from the Group's head office in Luxembourg.

## Network Management

The Network Management team is responsible for all aspects of the relationship with Cedel Bank's network of sub-custodian and cash correspondent banks. The effective implementation of the network strategy for services and product management is essential to the continued expansion of the product portfolio and customer base. As a result, career opportunities are available for qualified highly motivated individuals to join our network management team in both management and specialist roles.

Successful candidates will have a proven track record in securities operations, product management and/or network management, with a good knowledge of global capital market trading and settlement practices. Additional experience in Corporate Trust (e.g. working with issuers to bring new securities to market) is also desirable.

Ideally you must be fluent in written and spoken English and French together with strong presentation and negotiation skills. For the Network Manager position you must have experience in co-ordinating multi-disciplinary projects in an international environment.

If you want to develop as part of a dedicated and professional team working in the international financial arena, please send your CV quoting the reference to:

cedel group



Cedel Group (ref: PNM)  
Human Resources Department  
67 Bd Grande-Duchesse-Charlotte  
L-1331 Luxembourg

Luxembourg Dubai Hong Kong London New York Tokyo

## ACCOUNTANCY APPOINTMENTS

# Chief Administrative Officer

## City

## £ Excellent Package

Our client is a highly successful US investment bank providing a range of fully integrated investment banking services. Last year, they increased their momentum significantly in international operations. As part of this carefully managed but continuing growth, they are looking to further expand their European Emerging Markets Group.

As a result, this extremely interesting and high profile senior management position has arisen. Reporting to the Global Head of Emerging Markets, the Chief Administrative Officer will predominantly be responsible for assisting the Head of Trading and Head of Derivatives, European Emerging Markets Group, in the day-to-day running of their businesses, focusing on all accounting, operational, risk management and middle office functions.

This is a diverse commercial role and as such will require a hands-on business manager who has

the confidence and drive to deal extensively with top level management, both in London and internationally.

The ideal candidate will be a qualified accountant with a minimum of 4-5 years post qualification experience gained within an investment banking environment. It is imperative that he/she must have a strong technical knowledge of either emerging markets and/or derivatives products. For the right individual remuneration package will not be a limiting factor.

If you are interested in joining a dynamic organisation where you can add value to a fast growing business and where prospects and opportunities for the future would be unrivalled, please send your CV together with your current remuneration details to Stephanie Warren at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or alternatively telephone her on 00 44 171 269 2336 for an initial discussion.



**Michael Page City**  
International Recruitment Consultants  
London Paris Frankfurt Hong Kong Singapore Sydney

# Chief Administrative Officer

## City

## £ Excellent Package

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**Michael Page City**  
International Recruitment Consultants  
London Paris Frankfurt Hong Kong Singapore Sydney

**COMPLIANCE OFFICER** c\$80,000 & Bonus  
City based International Investment Bank wish to employ an ACA with 5-8 years of experience. Overseas compliance issues worldwide, monitoring sales trading in equities, convertible bonds, international bonds & derivatives.

**GROUP FINANCIAL & REGULATORY ACCNT** c\$70,000 & Bonus  
This is a high profile role offering excellent long term career opportunities with this City Merchant Bank. They seek a qualified ACA/ACCA with a minimum of 2 years banking experience to manage group regulatory and financial accounting. You must have extensive "Hands On" knowledge of SFA rules, SOE, CAD, ISR97, business planning and forecasting and risk control.

**REGULATORY COMPLIANCE ACCNT** c\$85,000 & Bonus  
The prestigious City based investment Bank seeks recently qualified ACA/ACCA with a minimum of one years internal audit and compliance reporting experience (including SFA regulations). Derivative products, currency SWAPS and most important Conduct of Business Rules under CAD knowledge an advantage.

**GROUP INTERNAL AUDIT MGR** c\$70,000 & Car & Bonus  
ACA with banking experience required to manage & develop the London Group Audit team of this Merchant Bank. Internal business & computer audit experience & SFA reporting required. Some French an advantage.

**DEPUTY COMPLIANCE OFFICER** c\$60,000 & Bonus  
A unique opening has arisen within this highly diversified bonus driven City Investment Bank. You will need superb academics combined with proven derivatives/equities/debt experience together with analytical skills. Excellent opportunities for career enhancement.

**INTERNAL AUDITORS** c\$55,000 & Bonus  
Global Investment Bank requires recently qualified ACA's to work within a high profile Audit Team. You must possess excellent communication & report-writing skills, with exposure to financial products including Capital Markets, Bonds, Derivatives & Fixed Income.

**CAREER GROUP**  
A NEW INDEPENDENT FINANCIAL  
26 Market Place • London W1N 7AL  
Tel: 0171 470 7040 • Fax: 0171 436 8575  
Email: info@career-group.co.uk

## Airtours

# Head of Corporate Audit

## Manchester

## Package c £90,000

Airtours Group Plc is the largest Air Inclusive Tour Operator in the world and one of the most innovative multi-nationals in the UK. With businesses based in the UK, Scandinavia and North America, they are committed to a strategy of profitable growth through vertical integration within the leisure travel industry. Current activities include travel, retail, airline, cruise and hotel business and future expansion will be both organic and acquisitive.

Following internal promotion, they seek to appoint a highly commercial Head of Audit. Reporting to the Audit Committee and working at the most senior levels within the operating divisions, the prime function of this position is to provide an effective independent review of the business operations.

Other duties include:

- Originating, formulating and implementing a risk based audit programme in conjunction with the executive.
- Promoting change and raising standards across the Group.

- Managing, motivating and developing staff of 13 including 5 Audit Managers.
- Proactively seeking business solutions to problems and successfully implementing recommendations.
- Undertaking ad-hoc strategic projects.

Candidates will be qualified accountants, aged 30-45, with exceptional interpersonal skills and a track record of success within an international blue-chip organisation. You must be able to demonstrate the necessary drive, initiative and commercial acumen to progress within this challenging, fast moving environment.

This assignment is being handled exclusively by Michael Page Finance. Interested candidates should send a detailed curriculum vitae to Dean Ball, Regional Manager at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting reference 216569 or alternatively telephone 0161 228 0396.



**Michael Page Finance**

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Leamington Spa  
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

# TAX AND TREASURY MANAGER

## Bucks

## £40,000 + Car + Bonus

### The Company

- Medium size quoted UK plc.
- Industrial company with operations in the UK, Europe and USA.
- Highly profitable with consistent growth potential.

### The Role

- Reporting to the Group Finance Director and part of a small Head Office team.
- Emphasis on tax compliance coupled with planning, cash management and bank relationships.

- Involvement in long term funding arrangements, monitoring working capital and external advisors.

### The Person

- Graduate calibre with minimum 3 years' tax and preferably some treasury experience.
- Relevant experience gained in an international environment.
- Self starter with strong interpersonal skills looking to broaden their horizons.

ACT assistance.

Please write enclosing full curriculum vitae quoting ref: 198 to: Nigel Hopkins FCA, London House, 53-54 Heymarket, London SW1V 4RP Tel: 0171 839 4572 Fax: 0171 925 2336

**NIGEL HOPKINS**  
ASSOCIATES  
FINANCIAL & TREASURY SPECIALISTS



## GROUP FINANCIAL ACCOUNTANT

Central London

c.£42,000 + car + benefits

### Excellent opportunity at our London Head Office

ABP is a quoted group that owns and operates 23 seaports in the UK. With a market capitalisation exceeding £1 billion, it is the largest ports group in the UK.

#### The Role:

- Production of consolidated annual and interim financial statements for the group.
- Management of treasury activities.
- Preparation of projects for senior management, including reviewing the accounting treatment of exceptional transactions and the impact of new accounting standards.
- Accounting for the holding company and London based subsidiaries.
- Supervision of a team of four.

#### The Person:

- A professional with good attention to detail and the ability to communicate effectively at all levels.
- Has a broad experience in the management of a disciplined accounting function.
- Able to provide comprehensive and accurate financial information within tight deadlines.
- Qualified with a recognised accounting body. It is unlikely that the successful candidate will have less than 5 years PQE.

To apply, please write with a full CV by 1 May, stating current remuneration, to Paul Lambton, Personnel Manager, Associated British Ports Holdings PLC, 150 Holborn, London EC1N 2LR.

**ABP ASSOCIATED BRITISH PORTS**  
BRITAIN'S LARGEST PORTS BUSINESS

# SENIOR INTERNATIONAL AUDITORS

## TO £33,500 PACKAGE

## NR SOUTHAMPTON

Warner Lambert is a recognised world leader in the manufacture and marketing of high quality consumer and pharmaceutical products. It is a customer oriented business that invests boldly in research and development resulting in an enviable portfolio of household name products such as Halls, Listerine and Wilkinson Sword in addition to 'OTC' and prescribed pharmaceuticals.

A Fortune 200 company, Warner Lambert operates worldwide employing in excess of 38,000 staff, generating revenues in excess of \$7 Bn in 1996.

Following the career progression of auditors, within the existing team, opportunities exist for ambitious ACAs seeking their first move out of Practice. The roles form part of an elite group responsible for conducting operational, financial and computer audits across Warner

Lambert's subsidiaries and affiliates in Europe, Asia, Australasia, Africa and the Middle East. As a key player, in this international unit, you will be assessing business risk, reviewing business processes and reporting on accounting and administrative controls.

Successful candidates will be Graduate ACAs whose personal commitments enable them to undertake extensive international travel (50-60%). These assignments can result in being abroad for periods of up to 4 weeks at a time. In addition to individual attributes such as self confidence and strong interpersonal skills, applicants will need to demonstrate their ability to integrate within a team environment, both commercially and socially. A degree of fluency in another European language would be an advantage but is by no means essential.

If you have the drive and commitment to meet this challenge then please forward your CV, to our Consultant Peter Clarke, Senior Partner at CMA Accountancy Recruitment, Norfolk House, 57/61 London Road, Southampton, Hants SO15 2AB (Tel: 01703 638046; Fax: 01703 335937). Please note that any CVs forwarded directly to Warner Lambert will be passed to our Sole Agency Consultants, CMA Accountancy Recruitment.

**WARNER LAMBERT**

## UK Financial Controller

M40 Corridor

to £40,000 + Car

Our client is a leading European distributor of active and passive electronic components. With sales exceeding £100 million, they are ranked in the top 10 in Europe. As well as being a specialist pan-European distributor, they also provide excellent local service to their customers throughout Europe with both product supply and value-added services.

As a result of a recent acquisition in the UK electronic components market, they now seek a Financial Controller to support two major sites at Maidenhead (Berkshire) and Bishop Cleeve (Shropshire). Reporting to the group headquarters in Oxford, and as a member of the local management team, responsibilities will include:

- Management of the accounting function and all other financial aspects of the business.
- Supporting the group and local management by the provision of information to enable the effective management of the business and control of costs.
- Management of working capital and cash resources.
- Contribution to the commercial management of the UK business.
- Maintaining effective internal controls.

- Preparation of budgets and forecasts.
- Preparation of statutory accounts.

Suitable candidates will be graduate calibre, qualified accountants with at least four years post qualified experience. Individuals must be able to demonstrate strong commercial and organisational skills, a hands-on approach, energy, flexibility and the ability to add value to all levels of a multi-site business. Experience of systems implementation and the distribution sector will be an advantage.

In return, the company offers a challenging environment in which to hone both commercial and management skills, whilst maintaining a hands-on stance.

Interested candidates should write, enclosing a full curriculum vitae, daytime telephone number and details of current remuneration, quoting reference 344119 to Peter Linstead, 1st Floor, 40-42 High Street, Maidenhead, Berkshire SL6 1QE.



Michael Page Finance

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Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Tarmac

## Finance Director (Designate)

Wolverhampton base £ Competitive Package Neg + Exec Car

Tarmac Topmix has over 900 employees pursuing business opportunities over 10 commercial areas across the UK. With 170 highly focused production units, this dynamic business will sell around £200 million of ready mixed concrete, mortar and screed products this year.

Due to a reorganisation affecting the reporting structure, our client is seeking to appoint a high calibre, progressive Finance Director (Designate).

Responsible for the production of all management information, and management of financial affairs, you will have a total of 50 staff. Whilst a clear internal focus exists on an operational level, there will also be a strong emphasis on interpretation and analysis to the Company Board. The Finance Director will provide close support

to the Managing Director and will liaise with the Group Centre. In addition, the Finance Director will act as an ambassador for Topmix both on an internal and external level.

The successful candidate will possess sound financial management skills but more importantly, will be commercial in focus, credible at a senior level and able to contribute added value and strategic direction. The ideal profile will be a qualified accountant aged probably 35+, with a strong character and experience within a multi-site business or construction related sector.

Interested candidates should submit a CV and covering letter stating current salary to Adam Leach at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, quoting reference 344137.



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## Financial Controller

No 1 in Finance with prospects...

Glasgow or C London

£ Negotiable including equity

Our client is a recognised player in the exciting and rapidly expanding global telecommunications market. Providing complex, flexible and innovative solution to the needs of a blue-chip client base, they compete in an expanding niche market. Venture capital backed, our client enjoys a high profile in the market through its success to date and the reputation of the management team.

Reporting to the MD, this is a key appointment to the lean management structure which will require you to think beyond the finance function. The primary objective will be to add value to the commercial decision making process. You will also require the vision, planning and intellectual capacity to manage the phenomenal growth that will occur in the next four years and beyond. Creative solutions will

be required to problems before they occur whilst managing a competent and experienced finance team.

We would expect you to possess a formal finance qualification, a strong academic record and be comfortable with board level reporting. You could be anywhere between the age of 27-45 and have directorial potential. Most importantly however, you should be able to demonstrate entrepreneurial flair and previous success in initiating, influencing and managing change in a dynamic corporate culture.

Please apply in writing quoting reference 341407, stating your preference of location and current remuneration to Guy Stacey at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds  
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

## Head of Finance

Investment Management

City

£ Negotiable

Our client is a rapidly growing international fund management group focused exclusively on investing in emerging markets. It has offices in London and the USA, is regulated by IMRO and is registered as an Investment Adviser with the US SEC and other international regulatory bodies. It manages funds for UK and North American retail and institutional clients.

As a result of their expansion, there is now the need to recruit for a proactive individual to head up the finance function and play a critical role in the company's future development.

Reporting directly to the Board, the successful candidate will be responsible for setting up and running a financial control function, including designing effective management reporting and budgetary procedures, automating all the accounting procedures including implementing an accounting system, keeping abreast of

regulatory issues and training staff on management information issues. He/she will also be responsible for Human Resources and personnel matters.

Candidates must be qualified accountants with a proven track record of running a finance function within the investment management or broking industry. Computer literacy is essential. Strong communication and relationship building skills, coupled with a calm disposition and an ability to work under pressure are imperative.

This is an unrivalled opportunity for a forward thinking individual attracted to working as part of a small but flexible management team. Remuneration package will be negotiable depending on skills and experience. Interested applicants should send their CV, with salary details, to Stephanie Warren at Michael Page City, 39-41 Parker Street, London WC2B 5LH or alternatively, telephone her on 0171 269 2336 for an initial discussion.



Michael Page City

International Recruitment Consultants  
London Paris Frankfurt Hong Kong Singapore Sydney



## Treasury & Tax Manager

Lancashire

Salary c £35,000 + Car + Share Options

Victrex Plc, a global leader in high performance engineering materials, supply PEEK™ polymer thermoplastic products to a worldwide marketplace. Floated in 1995, following a management buy-out from ICI, Victrex has a turnover of £38 million (97% exported) with a stock market capitalisation of £150 million. Victrex plans to sustain the significant increase in production capability and exploiting opportunities abroad.

In order to ensure that they can meet future challenges, they have identified the need to appoint a high calibre Treasury and Tax Manager within the small finance team. This will be a key role within the finance function and will require day-to-day responsibility for tax and treasury matters, reporting directly to the Finance Director. More specifically, you will manage foreign exchange exposures, cash and funding requirements, banking issues and risk assessment. You will also take responsibility

for minimising the companies tax liabilities, both within the UK and overseas.

Ideally candidates will be ACA qualified with at least two years corporate tax experience with exposure to treasury issues in a commercial environment. However, a highly motivated tax professional, who has a hands on approach and wishes to broaden their experience in a commercial environment will be considered. The successful candidate must have excellent interpersonal and analytical skills with a keen desire to get the job done. Practical training in treasury matters will be provided, as will study support for the MCT qualification if not already held.

If you have the qualities to succeed in this dynamic environment, then forward a full curriculum vitae including salary details to Stuart Frost at Michael Page Finance, 4th Floor Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 343271 or telephone 0161 228 0396.



Michael Page Finance

Specialists in Financial Recruitment  
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds  
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

## Finance Manager

Dynamic PR company

London

c £45,000 Package

Our client, one of the fastest growing PR companies in the UK, has been in operation for seven years and has experienced growth of 50% per annum in both of the last two years. With a culture based on exceptional quality of service and driven by a 'hands-on' Managing Director with a loyal, high profile client portfolio, the company's record of success and growth is set to continue. A leading player within the healthcare sector, managed and developed by experienced communication specialists recruited from within the industry, this exceptional organisation works on UK and international accounts, ranging from one-off projects to integrated communications programmes.

This is a key role, providing a great deal of scope for personal development and achievement. Although the latest systems and an effective internal structure are already in place, further enhancements to systems, management reporting and controls are required. Primary responsibilities will include: overall control of accounting and

financial matters, budgeting and forecasting, cash management and as part of the senior management team, helping to drive the business forward with ambitious and successful strategies for growth.

The successful candidate will be a highly computer literate, qualified accountant with at least 3-4 years post qualified experience, ideally gained within an advertising or PR environment. In addition to the obvious technical skills required to undertake a role as challenging and rewarding as this, a commercial outlook, strong communication skills, a good sense of humour and excellent team playing skills are essential. The likely age profile for this role is early to mid 30's.

If you feel you have the necessary qualities and a desire to work for a growing, dynamic company, please apply in writing to David Angel at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH, quoting reference 343272.



Michael Page Finance

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Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

## GROUP TREASURY MANAGER

£3 BILLION TURNOVER INTERNATIONAL TRADING GROUP

NETHERLANDS

c.£80,000 + BENEFITS

• Expanding, long established wholesale trading group, one of the top companies quoted in Holland. Twenty operating businesses across the world.

• As a result of significant profitable growth, the Group now wishes to appoint a Treasury Manager, heading a small team, who will be responsible for most aspects of corporate treasury management.

• The Group is highly decentralised with tight financial controls/reporting and a distinct emphasis on growth in shareholder value. Group Treasury acts as an "internal bank" to the clearly focused operating companies.

• Principal activities include implementing new treasury IT systems, effective management of group-wide currency, interest and counterparty risks, banking relationships world-wide, financing and balance sheet management.

• Graduate ACT/MCT, probably aged early thirties, with experience in a senior treasury position as part of a substantial international corporation. Experience of working overseas would be a distinct advantage.

• The position calls for a commercially orientated candidate with considerable personal presence, who will raise the profile of the treasury function, developing strong and effective working relationships across the Group.

Please apply in writing quoting reference 1394 with full career and salary details to:  
Nigel Bates  
Whitehead Selection  
11 Hill Street, London W1X 8BB  
Tel: 0171 280 2043  
http://www.whitehead.co.uk/whitehead

Whitehead  
SELECTION

## FINANCIAL CONTROLLER

London

Competitive  
Package

The Agency  
(London) Ltd

The Agency (London) Ltd is the primary company within a group that represents writers, authors, directors and producers in television, film, theatre, publishing and all auxiliary media markets worldwide. Founded in 1995, many of the clients have been represented through other Group companies since the 1970's and the company is widely acknowledged to be one of the leading agencies in the UK having gained a significant market share and representing many publicly recognised writers.

As a No. 1 finance role, key tasks of this appointment will include:

- Reporting directly to the Board, you will assume immediate responsibility for all management and statutory reporting for a number of Group companies.
- Cultivating strong working relationships with The Agency's clients to facilitate a comprehensive service with regard to their accounts and deal with queries from them, their accountants and agents.
- Providing strategic input to the Board and assisting in their on-going development plans.
- Taking an active role in all administrative issues of the Group.
- Development and implementation of the Group's IT strategy.
- Leading and developing a small finance team.

Probably aged over 30, you will be a qualified accountant who has ideally gained experience within a media related field such as publishing, TV or advertising. Moreover you will have a strong interest in The Agency's

business and excel in establishing and developing client relationships. You will share The Agency's ethos which can be defined as a very high quality of service combined with a proactive approach to their clients.

With the organisation determined to capitalise on its enviable market position, the opportunity is primed for the successful candidate to make an impact and drive the organisation forward.

Interested applicants should contact Paul Aven on 0171 629 4463 (evenings and weekends 0976 271897) or, alternatively, send a full c.v. stating your current salary to him at Harrison Willis, Cardinal House, 39/40 Albemarle Street, London W1X 4ND. Fax: 0171 493 6107. E-mail: hwwgroup@hwwgroup.co.uk http://www.hwwgroup.co.uk/hwwgroup

HARRISON  
WILLIS

Part of the Harrison Willis Group

## Micro Warehouse European Treasury Manager

Newly created position

Bracknell

c £40,000 + Benefits

Micro Warehouse Europe is a \$700 million subsidiary of a \$2 billion publicly quoted US Group and is engaged in the direct sales and marketing of computers and computer peripherals. The business operates across Europe and has experienced exceptional growth, both organically and by acquisition, since commencing full scale operations in the UK, France and Germany in the early 1990's.

In line with this growth, the European headquarters is looking for an individual to set up and control a pan-European treasury operation. Reporting to the US Treasurer and working closely with the European CFO, responsibilities will include establishing and managing:

- Cash management policies and procedures throughout Europe.
- Treasury operations to minimise foreign currency risks in Europe.
- A European netting system.

- European banking relationships to ensure that they are efficient and effective.

The successful candidate will have a minimum of three years experience within treasury and must have a sound understanding of how a European treasury function operates and how it can impact on the company's performance. Specific experience will include cash management, intercompany netting, foreign currency hedging and cross border payments.

Strong communication skills must be combined with independence, maturity and commercial awareness, and above all, adaptability as the role is certain to broaden and develop as the business ambitions are realised.

Interested candidates should forward their curriculum vitae to Anthony Spratt ACMA at Michael Page Finance, 33 Blagrove Street, Reading, Berkshire RG1 1PW, quoting ref 341115.



Michael Page Finance

Specialists in Financial Recruitment  
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Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide



## International Finance and Programme Services Director

Oxford

Oxfam is an international relief and development agency, employing over 3,000 staff and 30,000 volunteers working in more than 70 countries worldwide. Oxfam's primary objectives are to relieve poverty, distress and suffering; to educate people about the nature, causes and effects of poverty; and to campaign for a fairer world. The International Division is responsible for the delivery of Oxfam's £90 million worldwide programme.

Reporting to the International Division Director, the postholder will be a key member of the Senior Management Team sharing responsibility for the strategic and change management of the division. Key tasks will include:

- Developing and implementing a financial strategy for the Division and ensuring accountability and strong financial management.
- Providing leadership to a department of Finance, Human Resources, IT and Strategic Planning professionals.
- Developing resource allocation systems.

£35,000 + Bens + Relocation

integrated MIS and strategic financial management systems.

The successful candidate will be a qualified accountant, ideally with proven strategic and change management skills in a complex organisation. In addition to strong technical accounting and IT development skills, they will be an effective communicator with the ability to lead and develop a large multi disciplinary team. Experience of working in a non-profit making organisation is not essential but a commitment, sympathy and interest in the work and values of Oxfam is crucial.

The post is offered as a 3 years fixed term contract.

If you are interested in this position, please send a curriculum vitae including details of current package to Stephen Rutherford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Fax: 0171 831 6293.

Oxfam and Michael Page are committed to Equal Opportunities.



Michael Page Finance

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London Bristol Birmingham Edinburgh Glasgow Leeds  
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

## GROUP FINANCE DIRECTOR

FMCG/Toiletries

North West

c £55,000 + Car + Benefits

Our client is a well established £16 million turnover group engaged in the manufacture of soap and toiletries supplying markets in over 65 countries worldwide. They have a successful record of profit generation and seek to appoint a high calibre Group Finance Director to play a key role in achieving exciting future strategies incorporating organic and acquisitive growth.

### THE POSITION

- Report to the Managing Director and assume full responsibility for all aspects of financial management.
- Develop information systems and procedures to facilitate control and provide meaningful management reporting.
- Evaluate opportunities for corporate development and develop business strategies to deliver profitable growth.
- Assume a general management role with one of the group's operating divisions.

### QUALIFICATIONS

- Qualified Accountant, aged 35-45, with a track record of achievement at a senior level.
- Experience gained within a manufacturing environment, with an appreciation of international business.
- Strong strategic and commercial awareness with the intellect and vision to create and innovate, balanced with a practical, results focused style.
- Exceptional leadership and interpersonal skills with high levels of drive and tenacity along with a strong team orientation and a desire to succeed.

Interested candidates should write, enclosing full career and current salary details, to the advising consultant, Stephen Banks, Questor International Limited, Eagle Court, Concord Business Park, Threapwood Road, Manchester M22 0RR, quoting reference 2211. Email: Stephen@questorint.com



QUESTOR INTERNATIONAL

## CHIEF OPERATING OFFICER

Worldwide  
Business

This is a rare opportunity with a fast growing market leader, who is a well funded, autonomous subsidiary of a major "blue chip" international organisation. They have an enviable reputation in the development and distribution of their consumer products. With their continuing growth programme they now require you to provide the credibility and momentum to spearhead their financial and management systems and position the company for an early IPO.

Reporting to the President and CEO you will:

- Act as CFO to provide strong financial controls and effective management information
- Audit/enhance existing systems to exceed the financial market's expectations
- Devise, implement and manage the strategy to achieve the listing
- Manage all financial aspects as well as company presentation to the UK and US analyst and investor market

UK and  
International

c.£100,000,  
bonus,  
excellent  
benefits

You will already have been successfully involved, individually or in a team, in achieving the above objectives. With London and New York financial markets experience, you will be in a position to present, persuade and promote the company, both nationally and internationally.

Interested candidates should write with full CV, quoting current rewards package, to Helen Mountain, Hoggett Bowers, Amethyst House, Spring Gardens, Manchester M2 1EA, Tel: 0161 831 3322, Fax: 0161 832 0089, quoting ref: MHM/10880/ST.

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



## NEWLY/RECENTLY QUALIFIED ACCOUNTANT BLUE CHIP CORPORATION

CENTRAL LONDON

This £1 billion turnover International Services Group boasts an impressive track record of achievement over the last three decades. Long admired for the calibre of its people, the average age of its 4000 employees is around 34 thus ensuring a vibrant and energetic atmosphere. Operating in North America, Australia, the UK and South East Asia recent initiatives have been implemented which will take the organisation successfully into the next millennium.

This key appointment has materialised at an exciting and critical time in the Group's development. Working in the European Head Office, the role is an outstanding opportunity for an ambitious accountant. The specific duties will be broad-based and varied involving exposure to a variety of the

Company's operations.

The successful individual will assume responsibility for the following:

- Preparation of Annual Financial Statements (both under UK and International GAAP)
- Identifying and implementing improvements to the Financial Information Systems
- Tax and Treasury management
- Liaison with the Company's external advisors
- Ad hoc projects

Candidates will be qualified chartered accountants, either still in public

practice or with a maximum of two years' commercial experience.

Strong communication skills, coupled with the desire to work within a lean commercial organisation with little of the bureaucracy that cripples its competitors, are essential.

As one would expect of an organisation of this stature, career prospects are unparalleled, including the opportunity to transfer internationally.

Candidates should contact Janet Arnold ACA at Robert Walters Associates for an informal discussion. Tel: 0171 579 3333. Alternatively send a copy of an updated CV to her at 10 Bedford Street, London WC2E 9BE. Fax: 0171 915 8714. Email: janet.arnold@robertwalters.com

ROBERT WALTERS ASSOCIATES

KPMG

## Director of Strategic Development

- Central London
- c. £70,000 + benefits

Our client is a specialist publishing group active in travel, UK consumer titles, communications and IT and video. Formed from the recent reverse take-over of another Plc, the enlarged group continues to build on the success of its core publications whilst also developing new products and exploiting changes in technology.

Due to the pace of organic growth plus plans for significant additional acquisitions there is a need for a high calibre finance professional who is capable of liaising with the City and leading the business through its next phase of development.

Reporting to the Group Managing Director you will play a key role in the development of the business by advising on the financial implications of commercial strategy including the structuring of acquisitions. You will be expected to develop

strong relationships with external advisers and to liaise with the City on a regular basis.

The successful candidate will be an ACA who is likely to be aged between 35-40. You must have excellent written and communication skills and the presence and maturity to carry out this demanding role. An adaptable and flexible approach is also required in this relatively young and informal working environment. Prior exposure to the City and acquisitions are important - this may have been gained in a small Plc or in a strategic role at group level of a larger organisation. This is an exceptional opportunity for a commercially astute accountant to join a small but dynamic Plc.

Interested candidates are requested to apply in writing with full career details, including salary, quoting reference B3004, to Janina Harper, KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

## International Auditors

Munich - Folkestone based

Highly competitive packages

Thinking globally and acting locally - nowhere does this principle hold more firmly than in the reinsurance business. It's precisely our global strength combined with a secure anchor in the local market that has determined the success of ERC Frankona. As a member of the ERC Group, and ultimately of GE Capital, we can draw upon the expertise of a worldwide corporation in our bid to offer solutions that meet the complex challenges facing us in our markets.

Our Audit team is part of a young, dynamic department that is evolving to meet the needs of the business. The team is international, and focused on adding value across the group, designing and deploying financial and operational initiatives which impact our bottom line. We now require three additional members to strengthen this team; one to be based in Folkestone, Kent, with a presence in London, and the other two to be based in Munich. All positions will have an international dimension, which should involve less than 40% travel.

This is an outstanding opportunity to join a key company - within the global GE Capital Group and make a genuine impact on an international expanding business. It's a role

that will challenge your talents to the full, giving you responsibility for operational audits, special investigations and internal consultancy. You will also undertake audits of group companies and branches, and take on various projects under development/implementation.

The challenges involved are high and the pace of change is dramatic. Success in this environment, however, will pave the way for wider career development within ERC Frankona or alternatively GE Capital. We are interested in qualified Accountants with up to three years' post-qualification experience. Allied to this you will possess a strong academic background and a natural ability to work in a fast moving multi-cultural environment. A knowledge of German, whilst not essential, would be preferred for the Munich based positions.

Please contact Robert Macdonald, making current remuneration and quoting reference number REF10826, at Nicholson International (Search & Selection Consultants), Stratton House, 34-36 High Holborn, London WC1V 6AS. Alternatively fax your details on 0171 404 8125 or e-mail on robert@nicholsonintl.com



GE Capital

ERC Frankona

c. £50,000 package  
+ benefits

FTSE 100 Plc

Midlands

**Deputy Treasurer**

Key role for a talented and ambitious treasury specialist at the heart of this highly rated and successful corporation. Maintain a proactive and professional treasury function to support the board of this international service provider, as it underpins a strong position in its core market by continuing to move into synergistic areas in an increasingly competitive sector.

**THE ROLE**

- Responsible to the Group Treasurer. Key member of close-knit team with total accountability for Group financing and interest and exchange rate exposure management.
- Influence the development and execution of forward-looking policies on a wide range of issues. In particular new funding sources, both in the UK and overseas, interest rate and foreign exchange risk management.
- Build close, effective links both internally with operating divisions and externally with bankers and advisers. Ensure that all systems and procedures remain robust yet sufficiently flexible to meet the needs of this fast-changing business.

**THE QUALIFICATIONS**

- Graduate, possibly MBA, with ACT qualification and probably an accountant by background. At least three years' corporate treasury experience. Ideally at number two level within a substantial multinational organisation.
- Strong all-round technical competence in the techniques and instruments for managing interest and currency exposure. Record of contributing proactively to a treasury function. Enthusiastic self-starter able to balance risk minimisation with creative solutions.
- Effective team player with obvious leadership potential. Understanding of how to develop others and capable of building relationships at the most senior level. Tough minded and focused on objectives, yet flexible and able to influence others.

Leeds 0113 230 7774  
London 0171 298 3333  
Manchester 0161 499 1700

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Spencer Stuart

Please reply with full details to:  
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Aldgate East, London E1 7DU.  
Aldgate East, London E1 7DU.

c. £70,000 package  
+ benefits

Quoted Plc

Yorkshire

**Group Financial Controller**

Exceptional opportunity as a member of a small Head Office team directing the growth of a profitable c. £500 million international manufacturing business. Substantial growth, acquisitions and a major capital investment programme have created the need to review and modernise management and financial reporting across the Group to underpin continued expansion. Excellent career development step for an aspiring plc FD.

**THE ROLE**

- Report to the Group FD, responsible for all statutory and management reporting and control. Oversee the planning and budgeting cycle and develop technical accounting excellence across the Group.
- Drive the implementation of new management reporting systems and provide comprehensive financial service to the Group Board, businesses and international functions.
- Appraise and monitor the substantial capital expenditure programme. Conduct business evaluations and provide financial advice on varied projects.

**THE QUALIFICATIONS**

- Ambitious and commercial graduate accountant, probably mid 30s with an impressive track record in ideally Head Office and operating company roles in a progressive international manufacturing or process industry.
- Robust and perceptive analyst with a strong technical and MIS background and high performance standards. Able to lead and motivate a team.
- Intellect and flexibility to learn quickly with the appropriate communication and interpersonal skills to operate in a down-to-earth, 'hands-on' environment.

Leeds 0113 230 7774  
London 0171 298 3333  
Manchester 0161 499 1700

**Selector Europe**  
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**Assurance & Advisory Services****Career Opportunities for Innovative Systems Professionals**

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- Ernst & Young is one of the world's leading professional services organisations employing 70,000 people in 670 offices across 130 countries. We are committed to delivering an outstanding service to our clients who include over 20% of the world's top 1,000 companies, more than any of our competitors.
- Our clients are highly reliant upon increasingly complex information systems. These systems present significant risk to clients who are looking for assistance in assessing and managing this risk. We are meeting these needs by further expanding our professional team who deliver first class service in the following areas:
  - Assurance Support & Services – providing assurance to management on a range of IT related matters. These include supporting external audit work, advising on IT strategy and operations and performing pre-implementation reviews, internal audit support, service auditor reviews, due diligence reviews and Year 2000 reviews.
  - Information Security Systems – improving and re-engineering information security processes and assisting in the development and review of business continuity arrangements.
  - Application Controls Consulting – ensuring that adequate levels of controls are implemented in the design and delivery of business applications. In particular, our teams include individuals who are knowledgeable in SAP, Bean Triton, Oracle Financials and Peoplesoft.

- Your background might include systems analyst, security analyst/officer, project manager or IT auditor. You will have the intellectual ability to understand our clients' businesses and to generate and effectively present commercial solutions. Whilst technical skills and sector knowledge are highly valued, creative thinking, intellectual stamina and the ability to work in teams and build effective client relationships are also key attributes.
- Your prospects are limited only by your potential. Scope exists to progress to partnership and/or specialise in a particular sector or technical area. You will benefit from an extensive and continuous training programme, broad-based experience, the opportunity to work with high calibre colleagues and a mentoring scheme designed to enable you to flourish in a professional services environment.

To register your interest in these outstanding career opportunities please contact our advising consultant Ian Coyle on 0171 936 2601, evenings 0171 254 2571, fax 0171 936 2655, E-mail [ic@barclaysimpson.co.uk](mailto:ic@barclaysimpson.co.uk) or write enclosing a CV and quoting ref: AS12 to Barclay Simpson Associates Ltd., Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA.

**ERNST & YOUNG**

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International.

**CORPORATE FINANCE DIRECTOR**

Required by International Financial Services company based in Brussels and London.

You will be a UK qualified accountant with a minimum of 15 years experience with an international company.

Experience of liaison with banks worldwide and reporting to a Board or Chief Executive essential.

You must be free to travel.

Knowledge of a second European language would be an advantage.

Salary and package will be commensurate with experience.

Please write with full CV to Ref: CFD,  
85 Cromwell Road,  
London SW7 6BW

**Finance Director****US Multinational – Automotive Sector**

c.£70,000 + Car + Benefits

South East

Key appointment in dynamic fast growing European subsidiary of US multinational for commercially focused change manager.

**THE COMPANY**

- ◆ High-profile subsidiary of rapidly expanding US Multinational conglomerate. Group operations throughout Europe, US and Pacific rim. Group turnover c.£10bn.
- ◆ Customer-focused division manufacturing and supplying to the automotive sector throughout Continental Europe and emerging markets. Leading-edge manufacturing processes pioneering future direction of group business worldwide. Divisional turnover c.£300m.
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**THE POSITION**

- ◆ Management responsibility for Finance and IT. Drive improvement in management information in support of developing business structure and customer requirements. Champion right financial control business-wide increasing profitability on tight margins.
- ◆ Devise and implement finance and IT strategy. Maximise the effectiveness and application of business information in pursuit of commercial objectives.

Please send full cv, stating salary, ref LG704H4, to NBS, 54 Jermyn Street, London SW1Y 6LX

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**EMERGING MARKETS RESEARCH – TURKEY****Competitive Remuneration Package**

London

An analyst is required to join an emerging markets team within a successful and expanding investment bank.

The role will involve the production of research, on listed companies, and marketing to our international client base.

The successful candidate will be degree educated, in a business-related discipline preferably gained from a leading international university. The successful candidate should have a minimum of 2 years' experience in the research of leading listed Turkish companies. Preference will be given to candidates with significant experience gained in both local and international research houses.

Written and spoken fluency in English and Turkish is essential.

Applications should be sent to: PO BOX T26620.

**CORPORATE TREASURER**

Staines

to £50k package

**Regus**  
Instant Office Solutions Worldwide

Regus is the leading world-wide supplier of fully serviced offices with 135 locations in 34 countries spanning 5 continents. Established in 1988 we have enjoyed exceptional success, doubling in size in each of the last 6 years. Our strategy is focused on providing high quality, innovative office solutions to our mainly blue chip client base around the world. We are pioneering new markets, developing our services and looking forward to a flotation in the near future. Reporting to the Group Finance Director and liaising extensively with your regional finance colleagues you will have responsibility for the full treasury function. This will include the optimum allocation of funds, FX management, cashflow forecasting and credit negotiation.

You will examine and develop existing Treasury systems ensuring that the changing needs of the business are constantly met. The cultivation of strong relationships with financial institutions is crucial both for day-to-day operations as well as preparation for the future. To succeed in this exciting and challenging environment you will ideally have an Accountancy or Treasury qualification. Your broad ranging treasury experience will have been gained from within a major accountancy practice or a commercial/financial services company. Strong modelling skills are a prerequisite. The high visibility of the role will demand excellent interpersonal skills, a robust intellect and the ability to work independently. Some international travel will be required.

Interested candidates should send their CV, stating current remuneration, to Robert Macmillan or Ross Barnard at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London WC1V 6AS. Please quote ref No. UIR389. Alternatively fax your details on 0171 404 8128 or e-mail [ross@nicholsonintl.com](mailto:ross@nicholsonintl.com).

**NICHOLSON INTERNATIONAL**

Australia Austria Belgium Brazil Canada Czech Republic France Germany Holland Hong Kong Hungary India Israel Italy Poland Portugal Singapore Spain Sweden Switzerland Taiwan Thailand Turkey USA

**EMERGING MARKETS RESEARCH – TURKEY****Competitive Remuneration Package**

London

An analyst is required to join an emerging markets team within a successful and expanding investment bank.

The role will involve the production of research, on listed companies, and marketing to our international client base.

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Written and spoken fluency in English and Turkish is essential.

Applications should be sent to: PO BOX T26620.

Hanson



## EUROPEAN FINANCIAL CONTROLLER

Based Zeebrugge, Belgium

Attractive salary &amp; bonus

ARC Marine Ltd is a member of the Hanson Group which also comprises Cornerstone, Hanson Brick, Desimpel, Grove Worldwide and Hanson Electrical. It is active worldwide in building materials and equipment. ARC Marine is the European leader of the marine aggregate mining industry. The company has subsidiaries located in the UK and Continental Europe from which it applies specialist knowledge to the development of new projects in Europe and throughout the world.

## THE ROLE

- Enhance the efficiency of the expanding European Finance Function, managing a small team to deliver a state of the art accounting, administration and management information service to our operations in Belgium, France and The Netherlands.
- Implementation and maintenance of accounting policies and systems in accordance with current regulatory and statutory requirements, ensuring best practice is achieved.
- Ensure timely preparation and reporting of consolidated financial statements for five continental subsidiaries, including monthly management accounts, budgets and forecasts.
- Monitor actual cashflow, working capital and total capital employed against budget and prepare monthly performance reports.
- Identification and evaluation of investment opportunities.

## THE PERSON

- Graduate, qualified accountant with a minimum of two years' post qualification experience, ideally gained in an international group environment, although we will also consider candidates seeking a move from a Big 6 firm.
- Excellent organisational and people skills to allow successful liaison at all levels of the business whilst exerting stringent financial controls in all operational areas.
- Proactive personal style with a sense of humour which is not impaired when working in pressurised situations.
- Familiarity with Belgian accounting and reporting practices, together with fluency in Dutch is a distinct advantage.

We are seeking an exceptional candidate with strong commercial acumen and the personal presence to command respect throughout the business. This is a challenging position in a dynamic, international environment where reward and progression is limited only by personal ability.

Interested candidates should submit a CV, together with current salary details, to Karen Paige at Paige Consulting, PO Box 276, Exeter EX3 0YE. Tel: (01392) 876754. Fax: (01392) 877927. Email: paigecoon@edipac.co.uk

PAIGE CONSULTING  
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## GROUP CHIEF FINANCIAL OFFICER

(Main Board Director)

- We are a major European transport group with Headquarters in the UK and locations throughout the EU.
- We expect current year sales to exceed £100M.
- Our continued expansion and current reorganization necessitates the appointment of a top rank CFO. This will be a newly created post, and the successful candidate will join our other three Main Board Directors to assume full responsibility for the Group's continuing prosperity.
- The position will only be filled by a candidate of experience and abilities of the highest level. The remuneration, including a significant performance related element, will reflect the importance of the position.
- All applications, in form of letter and CV, marked 'Private and Confidential' will in the first instance be passed to our independent Human Resource Consultant who will undertake not to pass on applications which proscribe this organization. All other applications of interest will be discussed only with our Chief Executive Officer prior to contacting eligible candidates.

Apply to Box A5399, Financial Times,  
One Southwark Bridge, London SE1 9HL

## PARTNERSHIP/GROUP ACCOUNTANT

c.£35k plus benefits

West End

Our Partnership Accountant will be retiring later this year and as a consequence we will need to recruit her successor. As one of the UK's leading chartered surveying practices with 29 partners and 240 staff throughout the UK and abroad and renowned for providing high quality advice to our clients, we require a mature, "hands on" management accounting professional to head our London-based accounts team.

Reporting formally to the FCA-qualified Director of Finance & Administration, responsibilities will include the preparation of management reports and accounts for the Partnership, 3 UK-based subsidiary companies, 2 overseas operations (based in Poland and Hong Kong), and the staff pension scheme, while ensuring that all the firm's financial systems operate effectively in support of the Partnership and its clients.

A graduate (or equivalent) with a relevant professional qualification eg. ACA or ACCA, you must have at least 5 years' post qualification professional partnership accounting experience. A demonstrably successful record of preparing partnership and group accounts will be accompanied by good report writing and excellent spreadsheet skills.

This is a key, demanding, and challenging position which, in addition to professional qualifications and technical skills, will require personal resilience, the ability to meet strict deadlines and a total commitment to the highest standards of performance and professionalism. A robust personality with a good sense of humour is a prerequisite.

To apply and/or to receive a detailed job description, please write with a full CV (including your remuneration expectations) to Mike Foulds, Personnel Manager, at the address below. Applications should arrive no later than Friday 9 May 1997.

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"Could you manage the production finance behind the world's number-one brand?"



## Operations Finance Manager

North Dublin

Comprehensive Package

Coca-Cola remains unquenchably thirsty - thirsty for more ways to reach more consumers in more places with more of our products. Our factory in Ireland plays a major role in the process, producing and distributing concentrate to over 75 countries across Europe, the Middle East and Africa. In Ireland, which requires the highest levels of financial and commercial control, we are seeking an outstanding finance professional to join our team. Reporting directly to the Director of Finance, you'll lead a team and have responsibility for providing high quality financial and cost information. The role involves regular liaison with the production and distribution departments, ensuring that all costs are accurately tracked and ongoing logistics and inventory management are controlled. The position offers a challenging and varied role with a high degree of responsibility. The successful candidate will be a proactive, hands-on, flexible approach and the ability to "see the wood from the trees".

You will be a qualified accountant with several years experience as a controller in a multi-national subsidiary with tight reporting deadlines. You will have a strong knowledge of international legislation and multi-currency environments. You will be a proactive, hands-on, flexible approach and the ability to "see the wood from the trees".

Initial interviews will be held in both London and Dublin. Any CVs sent directly to Coca-Cola will be forwarded to James Christopher.

JONES • CHRISTOPHER  
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Jones Christopher, 4th Floor, Linen Hall, 162-168 Regent Street, London W1R 5TB. Tel: 0171 306 3202. Fax: 0171 734 6280.

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SBC Warburg's commitment to innovation, progression and client focus has resulted in its dominant position within the European and International Global Capital Markets and Investment Banking arena.

The success of SBC Warburg has been achieved by maintaining an impressive market share in the securities, derivatives and treasury markets. This level of excellence relies on recruiting the highest calibre of staff across all product ranges as well as investing in state-of-the-art technology.

The Operations Development Team is crucial in providing multi-product support to all key global business areas. The group's main responsibility is project management in relation to systems development, business process re-engineering and change management issues. The team works very closely with both the business areas and the IT group, utilising leading-edge technology to resolve operational issues.

In order to provide support to a major global cross-product re-engineering programme, they are now looking to recruit several key individuals predominantly in London, but also in New York, Hong Kong, Singapore and Tokyo.

SBC Warburg would be particularly interested in speaking to high-calibre candidates who possess proven project management techniques, a strong delivery focus, a structured and analytical approach to their work and problem-solving skills. Of particular importance is the ability to liaise with all levels of staff and demonstrate credibility with various Heads of Department.

Candidates of interest are either currently performing a similar role elsewhere, or have a management consultancy background with experience in the Financial Services sector (ideally investment banking). Qualified ACAs with a strong systems bias would be strong contenders. Candidates are invited from overseas marketplaces, and those recruited in London will benefit from opportunities to participate in international secondments.

These positions represent an ideal opportunity for ambitious individuals who possess the above characteristics to move into a highly meritocratic team, recognised throughout the group as a springboard into senior management. Salaries and benefits will reflect our position as a major player in the City. Interested applicants should contact Neil Effe or Anne Tinsley at Michael Page City on 0171 269 2306. Alternatively, please send a full curriculum vitae to them at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5UH. Fax: 0171 405 9649. Please quote reference 288874.

An international business opportunity within a FTSE 100 Company

## FINANCE DIRECTOR

£70,000 Package

London Based

## The Organisation

- A commercial, service driven organisation who are UK and European market leaders
- Born out of the UK, the business has substantial overseas operations
- An autonomous division of a highly successful FTSE 100 Group
- Significant growth has been experienced with exceptionally strong profits and there are plans to further increase market share over the next three years

## The Role

Reporting to the Managing Director, and with a staff of 15, your brief will be to support and control the business through further expansion in the UK and on the Continent.

## Responsibilities Include:

- Ensuring tight financial control with responsibility for all aspects of company finance at both an operational and strategic level
- Proactive contribution to the achievement of corporate objectives in the development of turnover and profit through continual improvement and the organised growth of the business
- Promotion of financial and commercial awareness across all disciplines and at all levels, ensuring a 'customer-led' focus is prominent

It is anticipated that approximately 30% of time will be spent overseas with the international operations.

## The Appointee

This is a prime opportunity to drive forward the growth of the division and then further develop your career within the Group. Future career potential is a key consideration when making an appointment to this role. As well as being a professionally qualified Accountant with a sound academic background, attributes sought will include:

- Strong operational and financial skills and first class business acumen
- A definite commercial awareness that can be applied in this customer driven organisation
- A proactive approach to problem solving with a grasp of both commercial and financial issues
- Outstanding communication skills to work effectively throughout the division

Experience of international operations is desirable.

To apply, please write enclosing your CV and current salary details to our Retained Consultant, Lynn Walters at Hays Executive, Janus House, 46 St Andrews Street, Cambridge CB2 3AH. Tel: 01223 324323. Fax: 01223 362399.

**Hays Executive**  
STRATEGIC SEARCH & SELECTION

FT  
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FINANCIAL TIMES

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## GROUP PLANNING & ANALYSIS MANAGER

TO £70,000 + BONUS + CAR

OXFORDSHIRE

This is a new role at the hub of a leading British plc, with a major world presence. Our client is a specialist engineering group with a turnover approaching £2bn and over 180 profit centres worldwide. It has a clear strategy of organic expansion and targeted acquisitions within its core business areas and this has brought significant growth in profit and market capitalisation.

The Planning and Analysis Manager will have significant Board level exposure, and will liaise closely with Financial Controllers throughout the group. The brief will be to analyse and report on business performance and trends on a worldwide basis, highlighting potential problems and initiating solutions. It will also entail active participation in business expansion projects, including capital expenditure appraisals and acquisition investigations, all with a focus on increasing shareholder value.

This high profile role requires a top-flight individual with strong professional and personal credibility. Candidates must be qualified accountants with a good degree. They should have at least five years' experience in a major international manufacturing company and be able to demonstrate a strong grounding in financial analysis, financial appraisal and cost management techniques. We are seeking an ambitious, energetic individual with an analytical mind, commercial flair and well developed influencing skills. For such a person this appointment will provide variety, challenge, real career opportunities and a generous negotiable remuneration package.

Please reply in confidence, enclosing your CV and current salary details to Paul Carosso at Howgate Sable & Partners, 35 Curzon Street, London W1Y 7AE, quoting ref: FT457P. Visit our web site at <http://www.howgate.co.uk/howgate>



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## Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Courtney Anderson on +44 0171 873 4153

## Career Opportunities in Public Sector Audit

Our client is a public authority in the United Arab Emirates conducting financial audits of government departments and government related organisations. The Authority is seeking to recruit qualified Arabic speaking accountants in the following positions:

- **Audit Manager** ■ **Senior Auditor**
- **Assistant Audit Manager** ■ **Auditors**

The ideal candidates will possess the following qualities:

- keen analytical skills;
- ability to identify issues and recommend solutions;
- developed awareness for detail;
- ability to prepare clear and concise reports;
- make effective oral presentations;
- plan and conduct audits cognisant of audit risks with due professional care;
- able to work as a team member to achieve tight deadlines; and
- knowledge of personal computer skills.

Candidates for the managerial and senior auditor positions must be CA, CPA or CIA qualified. Leadership and human resource management qualities are considered essential for these positions. The likely age of suitable candidates will be 30 to 45 years. Candidates for the managerial positions should have seven to ten years experience, five of which should be in a similar management position. Senior auditors should have a minimum of three years post qualification experience.

Candidates for the remaining auditor positions should possess an accounting degree with at least three years experience. The likely age of suitable candidates will be 25 to 35 years.

Fluency in Arabic and English is a necessity and Middle East experience in public sector auditing is an added advantage.

The remuneration packages offered will be commensurate with the successful candidates' experience and qualifications. The packages will be market competitive for the Middle East. Expatriate benefits including accommodation, leave fares, education allowances and generous annual leave are also offered.

Only candidates who meet the above prerequisites should apply. Please address your current CV with your photo and remuneration expectations before 24 April 1997 to the Director of Human Resources, Ernst & Young, PO Box 136, Abu Dhabi, United Arab Emirates or by fax on 00 9712 722968. Only shortlisted candidates will be contacted.

**ERNST & YOUNG**

## You'll get plenty of change from \$79 billion

Executive package, inc. relocation

Based Western European City

### Financial Controller

GE Capital is one of the world's most successful Financial Services organisations. Part of the \$79 billion GE global enterprise, we have 27 core businesses ranging from credit cards to equity Capital, aircraft leasing to property, and employ over 15,000 people at locations across Europe. A portfolio of businesses that set and regularly exceed ambitious targets for growth.

In this newly created, senior position reporting to the Chief Financial Officer, you will play a key role in the management and development of a profitable, rapidly growing division which operates within a niche consumer finance sector. Responsibilities will include all aspects of statutory tax and local accounting, reporting and consolidation; with a further, significant brief to analyse current methods and create new processes, systems, standards and controls which support the fast-changing needs of the business.

Change is, without doubt, the key word and you will need the energy, expertise and vision required to promote new thinking, develop new initiatives and deliver exceptional results. Your credentials should include

a professional Finance and Accounting qualification or Degree; 8 - 15 years' Big Six/blue chip multi-national experience; and a proven track record of leading multi-disciplinary teams and major systems development projects.

The position is based in a mainland European City, where fluency in German and English will be required. The rewards will include exceptional scope for career development, as well as a salary and benefits package designed to attract the very best. Relocation assistance will be provided, where appropriate.

In the first instance, please write, with full CV and salary details, to Ian Schlich, CSA Management Consultants, Vickers House, Priestley Road, Basingstoke, Hants, RG24 9NP. Alternatively call (+44) 1256 818811, fax (+44) 1256 356684 or e-mail [i.schlich@csa.co.uk](mailto:i.schlich@csa.co.uk). Please note that any CVs sent directly to GE Capital will be forwarded to CSA Management Consultants.

GE is an equal opportunity employer.  
\*Not connected with the English company of a similar name.



**GE Capital Europe**



**Merrill Lynch**

**BUSINESS UNIT CONTROLLER**

### Frankfurt

Merrill Lynch remains its position as one of the world's leading and most diversified investment banking institutions. It reported profits in excess of \$1.6 billion and assets in excess of \$200 billion for the last financial year. Its global strength in debt and equity underwriting is unparalleled and the firm's broking capabilities have been further enhanced by a series of recent strategic acquisitions in Europe, South Africa and Australasia. Merrill Lynch is therefore well poised to further develop its debt and equity related business worldwide.

An opportunity has recently arisen in the Frankfurt office for a business unit finance controller, focusing primarily on equity derivatives. This key position will provide comprehensive support to the local trading and marketing functions.

Specifically the remit will cover:

- Profit and loss/balance sheet control and analyses
- Risk monitoring

Interested applicants should contact Jonathan Astbury or Paul Marsden on tel +00 44 171 353 7533 or fax +00 44 171 353 7703.

Alternatively write with your CV and current remuneration details to

**astbury marsden**  
SEARCH AND SELECTION

Hamilton House, 1 Temple Avenue,  
London EC4Y 0HA, England.

### Competitive Remuneration & Banking Bets

- Portfolio valuation
- New product development
- Liaison with trading and marketing individuals on both a local and international basis.

This challenging role will suit a proactive and self assured qualified accountant with a minimum of two years experience gained in a product control environment. Exposure in derivative products would be advantageous but is not essential. Equities exposure is useful, however, high calibre individuals from a fixed income background will also be considered. This role is highly visible and suitable applicants should be adept at working closely with front office trading and marketing personnel. Whilst German linguistic ability is advantageous, it is not essential for this particular position.

Merrill Lynch offers a highly meritocratic and global career structure and prospects for successful individuals are exceptional. Remuneration packages are comprehensive and highly competitive.



## FINANCIAL CONTROLLER

**Pourshins PLC**

**£35,000 + car allowance + benefits**

**Heathrow, Middlesex**

Pourshins Plc is a specialist food distributor to the airline industry and has been built up over the last 20 years from its origins in the UK into a pan-European distribution company.

An impressive range of branded products is distributed from co-ops at Heathrow, Arnhem in Holland, and Paris to the major airport locations in Western Europe. Turnover is currently £35m and there is a major expansion programme focused at enlarging the distribution network in mainland Europe.

### The Role

- Reporting to the Finance Director, with complete responsibility for the finance department, ensuring timely and accurate reporting of management information
- Production of monthly management accounts, budgets, cash flow forecasts and statutory accounts
- Foreign exchange management
- Responsibility for managing and developing the requisite internal control systems for an international distribution company

### The Qualifications

- Qualified accountant with at least 5 years post qualification experience, preferably within a consumer goods distribution environment
- Highly computer literate with excellent spreadsheet skills
- Well developed management and communication skills, with strong technical ability that will inspire confidence.

If you are interested in participating in the growth of our company, please write enclosing full career and current salary details to: Barry Green, Finance Director, Pourshins Plc, 4 Gilling Way, Great South West Road, Feltham, Middx. TW14 0PH

## Forensic/Litigation Support Specialist

**Kidsons Impey: London Office - Partner/Partner Designate**

Kidsons Impey is a top 10 firm of Chartered Accountants and Business Advisers with 31 offices nationally. Continued expansion in strategically identified areas has created the need for a Senior Litigation Specialist to join the London office to lead and develop a successful litigation support function and to ensure that Kidsons Impey increases its market share in this high profile and exciting area.

Applications are invited from appropriately qualified people who have gained their specialist and business development experience within established professional practices and are now looking for a new challenge to use their skills and develop their career in this demanding environment.

The successful applicant will have a demonstrable record as an "expert witness" and a case load that covers commercial disputes, fraud, domestic issues, tax, insolvency and general investigative work.

In addition to a substantial basic salary, a considerable degree of autonomy will be offered together with a generous bonus package (linked to fee and profit generation) and early or immediate opportunities for partnership.

Interested applicants who meet the brief should send their CV together with details of current remuneration and a day time telephone number to Christopher Elliott or Tony McKiddie quoting reference no. 1440 at Kidsons Impey Search & Selection Ltd, 29 Pall Mall, London SW1Y 5LP. Fax: 0171 976 1116

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## OUTSTANDING OPPORTUNITIES IN FINANCE

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The telecommunications market is one of the fastest growing and most exciting markets to work in. Advances in technology have broken down communications barriers and we now use communications equipment which was unheard of 20 years ago.

Constant investment in technological advances and in overseas markets has enabled BT to maintain its high level of performance. Since BT was privatised at least £20 billion has been spent on modernising their core telecommunications network.

This equates to \$450 for every man, woman and child in the United Kingdom.

Opportunities now exist within Network & Systems Finance and will encompass the following responsibilities:

- Appraising investment options on new products and network opportunities to ensure the best commercial return is achieved
- Lead financial controller roles within business sectors covering development, field operations, and the supply chain - each controlling costs in the range £25-£100m
- Financial Analysis including network cost modelling.

The successful candidate will have a record of achievement post qualification, will be able to demonstrate a clear understanding of business evaluation techniques and have a strong analytical mind combined with broad commercial acumen.

You will take a "hands-on" approach combining excellent interpersonal skills

with the ability to innovate and take responsible risks in a very competitive environment. You will be a strong team player operating in a multidisciplinary and rapidly changing environment working closely with engineering and commercial people to maximise business value.

These are outstanding opportunities for ambitious and talented individuals to join a highly successful organisation offering excellent career prospects. BT's greatest assets are the ingenuity, skills and talents of the people they employ.

Interested applicants should apply to David Magowan or Richard Draper, enclosing an updated CV, at Robert Walters Associates, 10 Bedford Street, London WC2E 9RE. Tel: 0171 379 3333, Fax: 0171 915 8714.

Internet: david.magowan@robertwalters.com

Unsolicited CV's will be forwarded to Robert Walters Associates.

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CROYDON

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This is the most senior financial position in the company, and will report to the Managing Director. Taking responsibility for all aspects of Accounting and Finance, duties will include: systems evaluation and implementation, preparation of presentations to investors, management and statutory accounts and cash planning and projections. In this fast growing and challenging environment the projects will come thick and fast.

You will be a qualified accountant aged around 35 with at least an upper second degree. Capable of working hard on your own initiative, computer literacy, particularly on spreadsheets, will be second nature. Your ability to make a full commercial contribution to the success of this enterprise, will demand appointment to Finance Director very quickly.

Interested candidates should write promptly to Mark Rowley at Herst Austin Rowley,

30 St. George Street,

London W1R 9FA,

enclosing a full

Curriculum Vitae and

quoting ref. HAR0125.

Fax: 0171 409 7872.

Email: mark@herst.co.uk

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### MANAGER - REGULATORY REPORTING

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As one of the world's leading securities house this institution has seen its business develop significantly during the last five years. Through a combination of increased business levels and a programme of change management it is now seeking a high calibre qualified accountant to join its management team.

This is an exceptional opportunity for an ambitious individual to take responsibility for:-

- Liaising with front office staff and senior management whilst providing daily, weekly and monthly analysis of capital usage.
- Reviewing results to ensure adherence to current SFA rules.
- The development and improvement of key reporting systems in order to increase the efficiency and timeliness of reporting.
- The appraisal of current processes and enhancing these in order to allow the front office to assess the capital base on a range of diversified product based transactions.

£50,000+ Full Banking Benefits+ Bonus

- Supervising two staff in the production and review of daily and monthly SFA capital calculations.

You will ideally be a graduate qualified accountant with a financial services background and have experience of dealing with regulatory issues during the last three years.

Additionally, you should possess a creative and proactive working style; the ability to manage staff with the desire to join a leading institution where you will have the chance to impact upon the business.

For further details, please contact our advising consultant Gary Hall at Hall Alexander on 0171-240 2101 quoting Ref: GH1070 or write to them enclosing a CV to the address shown below.

**Hall**  
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Financial Recruitment Consultants

Wellington House, 8 Upper St Martin's Lane, Covent Garden, London WC2H 9DL Tel: 0171 240 2101 Fax: 0171 240 2060



## IT Appointments



### Senior Managers State-Of-The-Art Software Products

Our client is an internationally acknowledged leader in its field, providing packaged software systems for the Financial Services sector from the Research phase through to design and development. A well established and profitable organisation, it operates within an environment where survival depends on creativity and rapidly delivered innovative solutions. Because of further growth and diversification the following new positions have arisen, each reporting to the Chief Executive. Both are located in Dublin.

#### Development & Production Manager

To recruit, lead and motivate a group of about 40 developers, working in small highly productive teams and utilising leading edge Object Oriented tools and languages. The position involves modular development and integration, with major product releases occurring every three months.

Candidates must have at least four years' management experience in a relevant field and be thoroughly familiar with Object Data Management, Distributed Systems, Reverse Engineering and Case Technology (Ref: EX86143).

#### Marketing Manager

To develop and implement marketing strategy and to promote company and Brand awareness internationally with particular emphasis on the UK and mainland Europe. This is also a "hands-on" role and will work closely with present and potential partners on the Business Technology Distribution and Implementation fronts.

Candidates must have at least four years' management experience of marketing including corporate and brand promotion. A substantial amount of the experience should have been gained in the software products industry and/or Financial Services. (Ref: EX86144)

The remuneration package will be designed to suit top class candidates and there are prospects of share ownership in the Company. Please write, stating how you meet the requirements and enclosing a CV to Kevin Ensey, HAY-MSL Management Consultants, Newmount House, 22-24 Lower Mount Street, Dublin 2. Please quote the relevant reference number.

**MSL**

HEAD OFFICE LONDON

11 OFFICES NATIONWIDE

### Finance Director

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This expanding privately owned, sales driven company has a £30m turnover and employs over 600 staff including a large direct sales force. It successfully sells a range of soft furnishings, generating high volumes of sales leads by using direct marketing with a strong brand identity. This is backed up by an effective manufacturing unit, making up its product range to the highest standards of quality. Due to promotion, a high calibre Finance professional is required to join the Executive team.

#### The Role

- Main Board responsibility for finance, IT (including telecommunications) and Personnel. Influential in the company's commercial strategy and development.
- Lead effectively Finance, IT & Personnel teams. Report to Managing Director.
- On-going improvement and delivery of accounting, reporting and management information systems to meet the business needs.
- Other key tasks include: Cash Management, Budget and Forecasts. Manage relationships with external professionals.

Please apply in writing, enclosing full CV, quoting reference number LBA41.

#### The Candidate

- Graduate Qualified Accountant, preferably Chartered. Age mid/late 30s. Successful track record in a fast moving and demanding environment.
- Team player, pro-active with a persuasive style. Self motivated, lead by example, able to set demanding yet obtainable targets.
- Commercially astute, tough negotiator with excellent interpersonal skills. Effectively contribute to the Board.
- Technically excellent, computer literate with knowledge of implementing systems.

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FINANCE DIVISION

Metropolitan House, City Park Business Village, 20 Bridley Road, Manchester M16 8BQ. Tel: 0161-877 4439 Fax: 0161-877 8708

### International Securities Systems IT PROJECT MANAGER

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City

The Chase Manhattan Corporation is the largest bank holding company in the US and a leading supplier of creative financial solutions world-wide. A key driver of our success is our business driven IT strategy, which has allowed us to forge a significant position in global securities trading and risk management. To help us extend this position, we now seek to appoint a talented project manager for our Global Technology Division to contribute to the development of our cross-product International Securities trade processing system. This system is rapidly evolving, both in business functionality and geographical coverage, and is critical to the Bank's processing capability. This role will offer you the opportunity to shape your career in an increasingly high profile business area.

#### The Role is...

- to manage medium and large IT projects through the full development life-cycle from feasibility study through to post-implementation review.
- to work closely with business customers - to conduct the analysis and design of large projects focused on all aspects of the complete life cycle of the transaction from execution through to settlement.
- to act as a personal centre of excellence by offering high level advice and guidance to development teams both from business and systems development perspectives.
- to meet our customers regularly to discuss new initiatives which will have a high impact on our businesses.
- to supervise senior analyst-programmers each responsible for managing small to medium sized projects.

#### Candidates will...

- be educated to degree level standard and have a minimum of 5 years' experience working in a banking/securities house or financial software house environment, of which no less than 2 years must have been spent in a project manager/leader role.
- possess a sound knowledge of financial markets products, preferably with an emphasis on debt and equity instruments.
- have a broad appreciation of the accounting principles and practices accompanying various financial products.
- offer excellent business analysis and design skills accompanied by project management experience which has been proven in either an AS400 or Unix environment and which is supported by familiarity with formal methodology.
- be willing to travel abroad on an occasional basis.

For more information, please contact Karen [redacted] or [redacted] on 0171 947 7444. Alternatively send your CV, quoting reference CHFT25, to McGregor Boyall Associates, 114 Middlesex Street, London E1 3JL. Fax: 0171 247 7476, email: kthiggins@mcgregor-boyall.co.uk

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## Novartis sales ahead by 14%

**Japanese store chains buoyant**  
Japan's three leading convenience store chains reported strong sales and profits for the year to February, reflecting the boom in the "corner store" sector while other retailers are suffering falling sales and earnings. **Page 21**

## Computer manufacturer's shares rise on improved third-quarter figures

be complete until it grew revenue, said Mr Palmer. "We cannot be satisfied with anything less than competitive growth." He said that this would be Digital's priority.

- **Data General**, the US computer manufacturer, announced second-quarter net income more than doubled at \$13.8m, or 32 cents a share, compared with \$6.3m, or 15 cents a share in the second quarter of 1996. Revenues rose 16 per cent to \$359.3m.

# Peugeot chief blames price war for 57% fall in profits

A high-contrast, black and white portrait of a man, likely a politician, resting his chin on his hand in a thoughtful pose. The image is heavily stylized with a grainy, high-contrast aesthetic, giving it a poster-like appearance. The man is wearing a dark suit jacket over a light-colored shirt and a dark tie. He is looking directly at the camera with a slight smile. The background is dark and indistinct.

**Bowing out:** Jacques Calvet, chairman of Pengeot-Citroën, confirmed that yesterday's results presentation will be his last.

# Apple's losses raise chances of Ellison bid

Mr Ellison has talked about transforming Apple into a manufacturer of "network computers" — a new type of low-cost desktop network terminal, but Mr Amelio said he had a different idea.

"We want to make products that our customers want to buy," said Mr Amelio. He added that he had seen little demand for NCS.

Wednesday's results showed a loss from operations, for the quarter, was \$186m, or \$1.48 a share — significantly above Wall Street's projected loss of only \$1.22 a share.

Apple recorded a net loss of \$740m, or \$5.99 a share, including restructuring charges. Reveoues for the latest quarter, as previously indicated by the company, were \$1.6bn, down from \$2.2bn.

Mr Fred Aodersoo, chief financial officer, said the company was "targeting" fourth-quarter profits, but not making a forecast.

## Mazda, Ford to share parts

The plan was welcomed by analysts yesterday for the long-term benefits it is expected to offer. The measures were seen as insufficient to help turn the struggling Mazda around in the short-term.

The actual products that will be made as a result of these measures are not expected until 2000 or 2001,

## McDonnell Douglas profit fall

He singled out progress on the F/A-18E/F as a high spot. After delivery of the last fighter planned in the development phase, McDonnell received the go-ahead from the Defence Department to start

[illegible]

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## COMPANIES AND FINANCE: EUROPE

## BBV exceeds expectations for quarter

By Tom Burns in Madrid

Banco Bilbao Vizcaya, the big Spanish banking group, continued its strong earnings growth with first-quarter attributable net profits ahead of market estimates at Ptas24.7bn (\$170m), and 24.8 per cent up on the first three months of 1996.

Mr Luis Bastida, BBV financial director, said the growth was based on the consolidation of the bank's business in Spain, where its assets

had grown in quantity and in quality, and on the growth of the group's subsidiary banks in Latin America.

The first-quarter results suggest that BBV, the largest domestic bank in terms of stock market capitalisation, will comfortably surpass its target to lift the Ptas104.8bn net attributable income of 1996 by 10 per cent.

The group's net interest income rose 24 per cent to Ptas123.6bn, mainly because of the contribution

of its banks in Argentina, Colombia, Mexico and Peru, where banking margins are high.

Excluding its Latin American affiliates, BBV lifted its net interest income 3 per cent - above the average growth figure for the domestic banking sector - to Ptas93.8bn.

The income growth was fuelled by a 35 per cent rise in fee commissions to Ptas42.9bn, which included commissions from the Telefonos issue in February for which BBV was a global co-ordinator; and prof-

its from treasury trading, which grew 159.9 per cent to Ptas19.1bn. Mr Bastida said all the group's business units had performed positively.

The Latin American banks contributed Ptas10.4bn to BBV's pre-tax group profits of Ptas7.7bn.

The total was 35.6 per cent up on the first quarter last year. The Latin American contribution is set to increase, in part because BBV acquired a bank in Venezuela earlier this year but mainly

because it believes continuing high margins in Latin America allow room for increased cost efficiency.

BBV raised its bad and doubtful loan provisions 24.2 per cent to Ptas27bn.3bn.

Doubtful loans totalled Ptas260.7bn, some Ptas30bn up on the total at the end of the first quarter last year. But excluding Latin America, they fell by more than Ptas37bn to Ptas159bn.

Coverage for the group's global lending stands at 105.6 per cent.

## EUROPEAN NEWS DIGEST

## Bid battle for BNbank hots up

The battle between Norway's Den norske Bank and Fokus Bank for control of BNbank, a mortgage lender, has intensified. DnB raised its bid from Nkr207 to Nkr209 a share, following its recent purchase of BNbank share options which took its stake to 37 per cent. The move was intended to smooth out a disparity in the price paid to option sellers and its offer to shareholders, DnB said. At the same time, Fokus, which holds a 10 per cent stake in BNbank, demanded that next week's annual BNbank shareholders' meeting consider its merger plan. BNbank's board has named DnB as preferred bidder, refusing to consider the Fokus approach before shareholders decide on DnB's proposal. Fokus is unwilling to accept DnB's offer, which is conditional on 90 per cent acceptance.

Greg McKee, Stockholm

## Gdynia to appoint adviser

Poland's Gdynia shipyard, which reported a 115m zlotys (\$37m) net loss last year, will soon appoint an adviser to help place a share issue aimed at financing its modernisation plans and reducing its debt. The move follows a decision last week by the yard's owners - which includes Bank Handlowy, which is soon to be privatised, and the state treasury - to open the issue up to all bidders. This appears to represent a switch from the government's original plans, announced last month, to merge Gdynia with the successful Szczecin yard, on the German border.

Christopher Bobinski, Warsaw

## Hapag-Lloyd posts 16% rise

An improvement in the profitability of its container business helped Hapag-Lloyd, the German shipping and tourism group, lift 1996 pre-tax profits 16 per cent to DM137m (\$79m). But the company's tourism and freight forwarding activities showed lower profits.

Overall operating profits fell from DM280m to DM242m but container division profits rose from DM45m to DM50m. The number of containers moved rose 4.5 per cent to just over 1m, with Asian trades accounting for above-average growth.

Charles Batchelor, Transport Correspondent

## VA Technologie 5% ahead

VA Technologie, the Austrian engineering company, lifted net income by 5 per cent last year as a sharply higher tax bill offset a 32 per cent jump in pre-tax earnings from Sch1.27bn to Sch1.67bn (\$137m). Net profit edged up from Sch1.39bn to Sch1.404bn. Mr Othmar Pöhringer, chairman, attributed the strong gains in pre-tax and operating earnings to a turnaround in the electrical engineering unit and strong results in the metallurgical division.

Eric Frey, Vienna

## MOL sell-off continues

APV, Hungary's state privatisation agency, said yesterday it would offer 12.5 per cent of oil group MOL in the next stage of its sell-off. There will also be an over-allotment option of 2.5 per cent. Domestic investors will be offered 1 percentage point, to which another 1 point can be added in case of oversubscription. International roadshows will run between April 21 and May 2, with pricing and allocation of the shares scheduled for May 6. MOL reported preliminary 1996 group profits of F25.3bn (\$139m), up from only F1900m in 1995.

Reuter, Budapest

## Plettac's game plan begins to find support

Initially unnerved by diversification moves, investors seem to be coming to terms with the strategy

As the former president of Bayer Leverkusen, one of Germany's top football clubs - but currently lying a distant second in the country's premier soccer league - Mr Jürgen Scherwicke knows the difficulties of translating a team's potential into results. Even so, he is scratching his head over the dropping of the German stock market has given to the operation now under his stewardship: Plettac, a diversified industrial company based on construction services.

In the past decade, it has been among Germany's fastest growing industrial companies, with sales rising more than tenfold to DM970m (\$561m) last year. Plettac went public in 1993, and saw its shares soar from an opening level of DM18 to a high of DM465 in 1995. By the end of last year they had plummeted to around DM280. Relative to the rest of the German stock market, which has had a good run recently, the change has been still more dramatic.

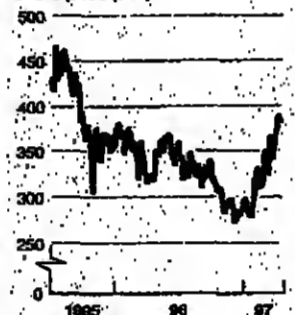
But Mr Scherwicke - whose involvement in soccer was connected to his 32-year spell at German chemicals group Bayer, owner of the Leverkusen club - insists that the stock market's recent kicking has been unnecessarily severe.

He says investors have failed to recognise Plettac's strengths in building up its non-German operations, which last year contributed 30 per cent of total sales, and also in forging value out of

an unusual mixture of manufacturing and services.

He describes the decline of the shares as "incomprehensible". Mr Scherwicke says there are more links between the various parts of his company than might be evident. "We are not fiddling about with things we do not understand," he says.

The company's main activity is making and installing specially fabricated scaffolding.



ing sections, consisting of large lattice-like steel frameworks which can be bolted together on site.

It claims these provide a safer and more efficient form of scaffolding than the more basic steel poles seen in countries such as the UK. Plettac's two scaffolding divisions, representing manufacturing and services, accounts for about three quarters of its revenues.

In the past two years investors in Plettac - based in Plettenburg, a small town

east of Düsseldorf in the picturesque Sauerland region - have been worried by the downturn in Germany's construction industry that followed the post-unification building boom. This fall-off, and the impact on Plettac's scaffolding activities, was the main factor in the 13 per cent slide in the company's pre-tax profits last year, from DM108m in 1995 to an estimated DM95m.

But investors have had even more problems over the company's move into two other businesses which it maintains should help protect itself against future low growth in scaffolding services. These two businesses are the manufacture and rental of halls and tents for customers such as organisers of trade fairs, and mechanical and electronic security systems.

Last year these two divisions were responsible for about 15 per cent of turnover, and this year the figure should be higher, thanks to the purchase in January of a DM120m-a-year video and electronic security business previously owned by Grundig, part of the Philips group.

The final, fifth, part of the company is in yet another discipline - turning out metal parts for car companies such as BMW and Volkswagen. This contributes about 10 per cent of the company and represents the business in which Plettac was engaged when it was started in 1962.

Mr Markus Reichle, an



Jürgen Scherwicke: 'It's good to have a number of legs'

analyst at Paribas Capital Markets, says that Plettac is basically a well-run company, with good marketing strengths and cost controls. But it has "gone too far" into moving into businesses beyond its core.

Mr Reichle says the Grundig acquisition in particular was a "mistake", in that it pitched Plettac into a field full of much bigger competitors and into an area of technology in which it had no track record.

But Mr Scherwicke - a for-

mer journalist who has a training in law - dismisses these concerns, saying the move into security systems fits in to Plettac's general operations involving the property and building industries.

And he says "It's good to have a number of legs", claiming that these provide protection against a downturn in a specific area.

According to Mr Scherwicke - who as a private shareholder bought into Plettac in 1972, took over as

chairman of its supervisory board in 1981 and has had his executive position since 1994 - Plettac is poised for expansion outside its domestic market, particularly in the US, where it has a strong position in scaffolding and which accounts for 15 per cent of the company's total sales.

With 60 per cent of Plettac's turnover coming from manufacturing and the rest from services, with the proportions likely to be more like 50:50 by the turn of the century, Mr Scherwicke believes the company is at the forefront in the moves world-wide in industrial companies to integrate the different cultures of production and services activities.

He says that recently the stock market has started to see his point of view, since the year of the year, the shares have put on about 40 per cent to a close yesterday of DM389.20.

Plettac has borrowed heavily from the business textbooks with its accent on lean management, with just 35 people in its head office, and according to Mr Scherwicke, an accent on making quick decisions with the minimum of bureaucracy.

Even given his retirement age, Mr Scherwicke insists he has no plans to hang up his boots - "even though my wife would like me to come home more".

Peter Marsh

VA Technologie AG is active in Metallurgical Engineering, Energy and Environmental Engineering and Services on a worldwide basis, with 200 international units in all regions of the world. The Group is a technology-based systems supplier with core component competences and services. 56.95 % of its shares are listed on the Vienna Stock Exchange. Furthermore, VA Technologie AG is quoted in London via SEAQ.

Compared to the year 1995 the main figures are as follows:

- Profit from ordinary activities rose by 32 %
- Net profit up 5%
- Order backlog up 21%
- Order intake grew by 26 %
- Cash flow from the result up 21 %
- Proposed dividend: increase to ATS 30 per share after ATS 28 in 1995

## Group Area

- Metallurgical Engineering
- Leading global position as metallurgical plant builder and systems supplier for individual and integrated plants expanded
- Double digit growth in all important key figures
- Order backlog increased by 30 %

## Group Area Energy and Environmental Engineering

- Leading position in Europe as supplier of environmental engineering
- Further globalisation by acquisitions and joint ventures
- Order backlog increased by 16 %

## Group Area Plant Engineering and Services

- Once again strong growth in 1996
- Profit from ordinary activities four times higher than in 1995
- Order backlog increased by 21%

Dividend payment  
Dividend per share up at  
ATS 30 per share after ATS 28 in 1995

Business Outlook  
During 1997 VA TECH will continue on its adopted growth course in business volume and earnings.

VA Technologie AG  
Annual Report  
1996

KEY FIGURES	1996	1995	Change 1996/95
	in million ATS		
Order intake	44,878	35,265	+27
Order backlog as at 31.12.	34,444	25,945	+33
Turnover	34,037	25,085	+36
Turnover plus changes in inventory	37,635	30,227	+25
Profit from ordinary activities	1,472	1,176	+25
Net profit	1,304	1,309	+5
Product and process innovation	1,199	1,102	+9
Cash flow from the result	2,256	1,719	+31
	in ATS		
Dividend per share	30	28	+7
Employees (average for year)	10,955	10,953	+2
Proposed to AGM			

Key VA TECH financial data is available on diskette. If you are interested in receiving the diskette, our Annual Report 1996, further information or an invitation to our shareholder events, please contact:

VA Technologie AG  
Communications and Investor Relations  
Lunzengraben 84, A-4031 Linz, Austria  
Phone +43 732 6396-9222 or 4319  
Fax +43 732 6396-3415  
e-mail: contact@vatech.co.at  
Internet homepage:  
http://www.vatech.co.at

**VATECH**  
VA TECHNOLOGIE AG

## TOFAŞ

## NOTICE OF MEETING OF THE GENERAL ASSEMBLY OF SHAREHOLDERS OF TOFAŞ TÜRK OTOMOBİL FABRİKASI A.Ş.

The "Meeting" of the Ordinary General Assembly of Shareholders of Tofaş Türk Otomobil Fabrikası A.Ş. ("the Company") will be held on Wednesday, 29 April 1997, at 16:00 p.m., in the Divan Hotel, located at Cumhuriyet Caddesi No.2, Taksim-İstanbul, Turkey, to discuss and take decisions with respect to the following agenda.

In order to attend and participate in this Meeting, either in person or by proxy, Shareholders of the Company are kindly requested to obtain their entrance cards from the Company. Any Shareholder who wishes to be represented at the Meeting by proxy must deliver to the Company a proxy in the form available from the Company, executed and notarized in accordance with Regulation No. 8, serial 4 of the Capital Market Board. Holders of shares of the Company in bearer form may obtain entrance cards by depositing share certificates with the Company. Holders of shares of the Company in bearer form may not legally attend or participate in the Meeting without obtaining an entrance card.

Under current Turkish law, indirect investments of holders of Depositary Shares in the underlying Group E Shares who hold 10% or more of the share capital of the Company or the direct investments of any non-resident holders of Group E Shares holding 10% or more of the share capital of the Company are required to notify the Foreign Investments General Directorate of the Prime Ministry of the Republic of Turkey (the "FID") of their investment in the company in order to be able to participate in the Meeting and vote their Shares or to cause the Depositary to vote such Shares or participate in the Meeting, as the case may be.

Any holder who takes the necessary steps and becomes entitled to vote Group E Shares at the Meeting may obtain a form of proxy and other relevant materials from the Company at its headquarters, from the Bank of New York at 101 Barclay Street, New York, New York 10286, USA or from Banque Internationale a Luxembourg S.A., the Company's Listing Agent, at 89, route d'Esch, L-1470, Luxembourg.

The Reports of the Board of Directors and the Auditors of the Company for the 1996 fiscal year, the Company's Balance Sheet and Income Statements for such year and the proposal concerning the distribution of net profits of the Company for such year will be made available for examination by the Shareholders of the Company from 18th April 1997 at the Company's Headquarters at the address given below.

Kindly submitted for the information of our Shareholders.

THE BOARD OF DIRECTORS

Headquarters' Address  
Büyükdere Cad. 145, Zincirlikuyu, 80300  
Levent - İstanbul  
Tel: (0 212) 275 33 90 / 8 Lines

TOFAŞ TÜRK OTOMOBİL FABRİKASI ANONİM ŞİRKETİ  
29TH ORDINARY GENERAL ASSEMBLY  
DATED 29.04.1997  
AGENDA

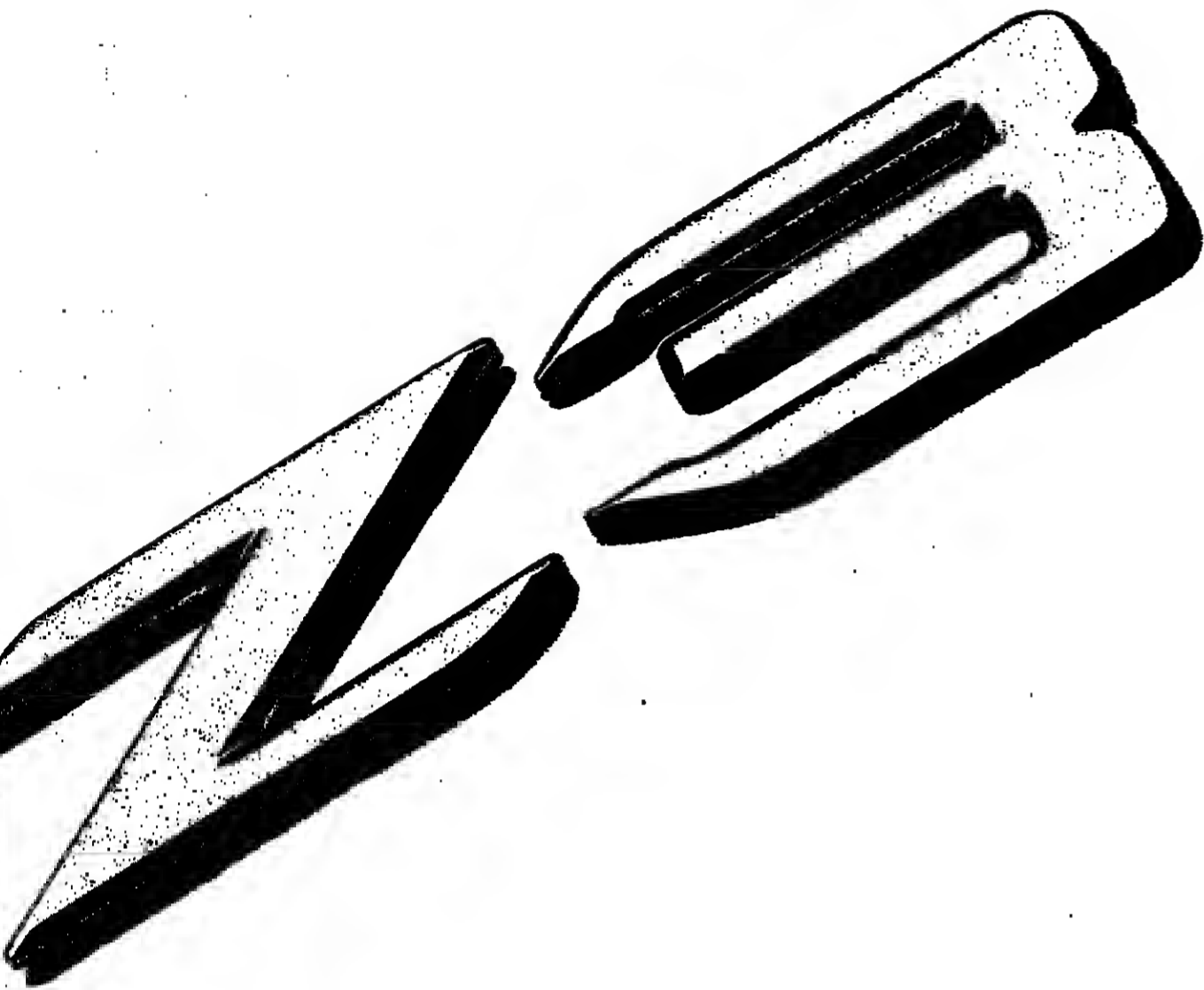
- Opening of the Meeting and election of the Chairmanship Council.
- Presentation of the changes in memberships of the Board of Directors and the members elected to fill the vacated seats to the General Assembly for approval to be valid as from the date of replacement in pursuance of article 315 of the Turkish Commercial Code.
- Reading and discussing the Board of Directors' Report and Statutory and Independent Auditors' Report with respect to 1996 operations and accounts; approval, approval with amendment or rejection of the Board of Directors' proposal in respect of the 1996 Balance Sheets and Profit-Loss Statements.
- Releasing the members of the Board of Directors and the Auditors from liability in respect of the Company's 1996 operations.
- Approval, approval with amendment or rejection of the Board of Directors' proposal in respect of the Company's 1996 net profits.
- Re-election of auditors whose terms of office have expired or election of new auditors to fill such vacancies.
- Determination of the remuneration of the Board of Directors' Chairman, of the Board of Directors Members and of the Auditors.
- Authorisation of the Board of Directors to do business related to the Company's objectives in person or on behalf of others enabling them to participate in the companies of similar business and do transactions pursuant to Articles 334 and 335 of Turkish Commercial Code, provided that such Members of the Board of Directors are prohibited from being Board Members, officers or employees of the companies or third persons engaged in the business of motor vehicles other than motor vehicles manufactured by or under the licence of Fiat Group.
- Approval of the results of the election of the Independent External Auditing Organization carried out by our Board of Directors according to laws and regulations in connection with the Capital Market.
- Signing of the Minutes of the General Assembly Meeting by the Chairmanship Council and delegating authority for considering this to be sufficient, on behalf of the shareholders.
- Wishes.

**Koç**

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## COMPANIES AND FINANCE: EUROPE

## Strong sales figures lift Novartis shares

By William Hall in Zurich

Novartis, the world's second-highest pharmaceutical company, surprised the stock market yesterday by announcing that sales in its core pharmaceutical business grew by an underlying 14 per cent in the first quarter of 1997, double last year's annual growth rate.

Novartis was created from December's merger of Ciba and Sandoz. The stock market had feared that the sales growth of the enlarged company might lose momentum as the new management, led by Mr Daniel Vasella, a former hospital doctor, concentrated on cost savings.

However, the fears have proved unfounded. Novartis's pharmaceutical sales

rose 30 per cent to Sfr3.39bn (\$2.3bn) in the first quarter. The figure was inflated by the weakness of the Swiss franc. But in terms of local currency, the growth rate was 14 per cent, which compares with 3 per cent growth announced by its arch-rival Roche earlier this week.

Novartis's registered shares jumped 3 per cent to Sfr1.835 yesterday, while Roche's certificates, its most widely traded security, fell by a further Sfr80, to Sfr11.754, giving a loss of 4 per cent this week.

Mr Raymond Frey, Novartis chief financial officer, warned that the first quarter's exceptionally high growth rates could not be expected to continue. However, he said he was "very



Daniel Vasella: has concentrated on cost-savings from merging the two companies

confident" that Novartis would show "strong growth" during the rest of the year. Novartis said the sales growth had been driven by its performance in the US,

the world's biggest market, where sales in the previous year were comparably low. Sales of the group's best-selling product, Sandimmun/Neoral, used to treat

diseases of the human immune system, grew 11 per cent; sales of Lescol, used for cholesterol reduction, grew 94 per cent. Last year these two products had combined

annual sales of Sfr2.1bn, and accounted for nearly a fifth of Novartis's drug sales. Agribusiness sales rose 17 per cent to Sfr2.7bn, with the growth rate falling to 4 per cent in local currencies. Underlying sales growth in both crop protection and seeds was 6 per cent, while animal health sales fell 22 per cent.

Consumer health sales also declined in local currency terms, primarily because of government measures to contain healthcare costs in some European countries.

Novartis's group sales rose 22 per cent to Sfr8.2bn, which fell to 8 per cent in local currency terms.

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## Weak prices hurt Gold Fields

By Mark Ashurst in Johannesburg

The weak bullion price and the interruptions of the Christmas and New Year holidays knocked profits at Gold Fields of South Africa, which yesterday kicked off the gold companies' reporting season for the March quarter.

Profit after tax and capital expenditure plummeted from R97.7m to R30.5m (\$8.8m).

This was in spite of lower capital expenditure of R205m, compared with R235m previously, and a reduced tax charge.

Pre-tax profits fell 30.4 per cent from R364m to R254m, although total gold production rose 2.4 per cent to 33,488kg for the quarter.

Analysts said the results were in line with expectations, but expressed disappointment at a second successive quarterly decline at

Kloof mine, where the group had earlier forecast that output would remain static.

Operational problems resulted in a 2 per cent decline in tonnage milled at Kloof, which produced 4,851 tonnes of gold, compared with 5,513 tonnes in the December quarter.

The average gold price received in the three months to March 31 was down 8 per cent, following the global trend.

Managers refused to comment on speculation that Gold Fields was seeking a black business partner to help remedy the group's poor labour relations record.

Mr Johann Rupert, chairman of Rembrandt, the mining, industrial and luxury goods group which is Gold Fields' largest single shareholder, has held talks with Mr Cyril Ramaphosa, the former secretary-general of the African National Congress.

## Improvements in efficiency lift Edison 38%

By Paul Setts in Milan

Edison, the energy subsidiary of Italy's Montedison group and the country's largest private producer of electricity and natural gas, yesterday reported a 38 per cent rise in consolidated net profits, from L963bn in 1995 to L370bn (\$217m) in 1996.

The company, whose sales rose 48 per cent to L1,887bn, said the performance reflected improved operating efficiencies and the group's development plan, which brought new electric generating and offshore gas facilities on stream last year.

Gross operating margin rose 30 per cent to L88bn. The energy group said its growth had been underpinned by a doubling of technical investments from L345bn in 1995 to L703bn.

These new investments led to an increase in net consolidated financial debt, which rose from L740bn at the end of 1995 to L1,124bn at the end of last year.

However, debt interest charges declined last year from L57.5bn to L54.8bn.

The group had a 7 per share of Italy's total electricity production and an 8 per cent share of natural gas production.

Edison also reported a strong start to the current year, with a 42 per cent rise in first-quarter sales to L457bn compared with L457bn in the first quarter of 1996.

It said that "significant" reserves of natural gas had been discovered following the drilling of the first offshore exploration well at Rosetta, in the Nile Delta.

The Italian group, with 20 per cent, is in partnership with British Gas (40 per cent), Shell Egypt (20.4 per cent) and Shell Austria (19.6 per cent) on the Rosetta field.

Profits of the Edison parent company rose 37 per cent to L185bn last year and the dividend has been increased by L10 to L200.

However, parent company sales fell 7 per cent to L421bn last year. This reflected a decline in its Italian hydro-electric production because of dry weather.

## EUROPEAN NEWS DIGEST

## Incentives plan for Portuguese sell-off

The Portuguese government is offering retail investors in the global offering of Electricidade de Portugal, the national power utility, an unprecedented incentive package of bonus shares and a discount. Small savers buying up to 2,000 shares will receive one bonus share for every 25 they buy and hold for one year. They will also benefit from a 6 per cent discount on the offer price and an obligatory "lock-up" period, during which the shares cannot be sold, of only three months, compared with six months in previous privatisations.

The incentives, approved by the government yesterday, are expected to help lift retail demand for Portugal's biggest privatisation to record levels. Analysts forecast the initial public offer, to be concluded at a special session of the Lisbon stock exchange on June 16, will attract more than 200,000 shareholders, almost twice the number of small savers who have invested in Portugal's privatisation programme to date.

Peter Wise, Lisbon

## BRE offer to Commerzbank

Commerzbank, the German bank which recently lifted its stake in Poland's listed Export Development Bank (BRE) from 21 per cent to 31.8 per cent, is to be invited to take up a new issue. The Polish bank plans an offer of between 2.5m and 4.5m shares with a current market value of between \$65m and \$120m.

BRE said yesterday shareholders would be asked to approve the capital increase, which could take the form of either an issue of new shares or convertible bonds. The issue is to be reserved for Commerzbank. If German bank takes the maximum proposed number of shares it would control 45 per cent of the Polish bank. The move by Commerzbank has yet to be approved by Poland's central bank and the country's Securities Commission. BRE reported a net profit of 193m zlotys (\$45m) last year and is Poland's 12th-largest bank measured by assets.

Christopher Bobinski, Warsaw

## Vontobel profits 47% ahead

Vontobel, the Swiss private bank and fund management group, has disclosed that its Tier 1 capital ratio, a standard benchmark used by the Bank for International Settlements, is 25.2 per cent. This compares with 23 per cent at Julius Baer, its bigger Zurich rival, and 9.8 per cent at UBS, the best capitalised of the big three Swiss banks. In 1996 Vontobel increased net income by 47 per cent, to Sfr60.2m (\$41m), helped by a 73 per cent jump in trading profits to Sfr33.3m. Assets under management rose 46 per cent to Sfr35.7bn, although net fee and commission income only rose by 28 per cent, to Sfr195.7m. The group's return on equity rose to 13.1 per cent and it plans to pay out nearly half of its profits to shareholders by increasing its dividend by 13.6 per cent to Sfr25 per bearer share.

William Hall, Zurich

## Ascom Sfr128m in the red

Ascom, the troubled Swiss telecommunications group which is heavily dependent on the soon-to-be privatised Swiss Telecom, lost Sfr128m (\$87m) in 1996. The group, which had been recovering after losing Sfr383m in 1994-95, increased its operating profit by 25 per cent to Sfr94m on unchanged turnover of Sfr2.9bn. However, it has taken a Sfr152m restructuring charge to "free itself from past constraints" and has omitted its dividend. The group reduced its net debt to Sfr1.9bn in 1996 from a quarter to Sfr470m and says it has halved its debt level since 1993.

William Hall

## ORDER OF COURT

In the High Court of South Africa (Witwatersrand Local Division)

Case No. 97/475

Johannesburg, 15 April 1997

Before the Honourable Mr Justice Roux

In the ex parte application of

Harmony Gold Mining Company Limited (Incorporated in the Republic of South Africa) (Registration number 0538232/06)

Applicant

at vs

The Grootevlei Proprietary Mines Limited (Incorporated in the Republic of South Africa) (Registration number 0102086/06) ("Grootevlei")

UPON the motion of Counsel for the Applicant and upon reading the notice of motion and the other documents filed on record:

It is ordered that:

- a meeting ("the scheme meeting") in terms of section 311 of the Companies Act, 1973 ("the Act"), of the shareholders of Grootevlei, other than the Applicant, registered as such at the close of business on the day (excluding Saturdays, Sundays and public holidays) immediately preceding the day of the scheme meeting ("the scheme members"), be convened by the chairman referred to in paragraph 2 ("the chairman"), who shall fix the time, date and place thereof, for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme of arrangement, dated 18 April 1997 ("the scheme"), proposed by the Applicant between Grootevlei and its shareholders (other than the Applicant) registered as such on the record date of the scheme;
- Miranda Janet Feinstein, a partner in Edward Nathan & Friedman Inc., attorneys of Johannesburg, or, failing her, an independent attorney or advocate nominated by Bowman Gilfillan Hayman Godfrey Inc., be and is hereby appointed as chairman of the scheme meeting;
- the chairman of the scheme meeting is authorised to:
  - appoint scrutineers for the purpose of the scheme meeting;
  - determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting;
  - adjourn the scheme meeting from time to time if the chairman considers it necessary to do so; and
  - determine the procedure to be followed at the scheme meeting and any adjournment thereof;
- the chairman shall cause this Order of Court and a notice convening the scheme meeting to be published once in each of Business Day, Beeld, the London Financial Times, Rapport, Sunday Times and the Government Gazette at least two weeks before the date of the scheme meeting. The notice shall state:
  - the time, date and venue of the scheme meeting;
  - that the scheme meeting has been convened in terms of this Order to consider and, if deemed fit, agree to with or without modification, the scheme;
  - that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Act may be inspected during normal business hours at any time prior to the scheme meeting at the registered offices of the Applicant and Grootevlei, both being at: 5 Press Avenue, Salfy, Johannesburg, and at the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, Viaduct Corporate Services Limited, 19 Charterhouse Street, London, EC1N 8QP and at the office of the chairman, 4th Floor, The Forum, 2 Maude Street, Sandton;
  - that a copy of this Order and the explanatory statement in terms of section 312(1) of the Act may be obtained free of charge on request during normal business hours at the places mentioned in 4.3;
- copies of:
  - the scheme and the explanatory statement in terms of section 312(1) of the Act substantially in the form of the scheme and the explanatory statement attached to the papers before the Court;
  - the notice convening the scheme meeting substantially in the form of the notice attached to the papers before the Court, showing the time, date and place of the scheme meeting;
  - the form of proxy to be used at the scheme meeting substantially in the form of the form of proxy attached to the papers before the Court; and

5.4. this Order of Court,

shall be sent by the Applicant at least two weeks before the date of the scheme meeting to each of the shareholders of Grootevlei (other than the Applicant) at their addresses as reflected in Grootevlei's register of members at the close of business on a date not more than four (4) calendar days before the date of such posting;

6. a copy of:

8.1. the scheme and the explanatory statement in terms of section 312(1) of the Act substantially in the form of the scheme and the explanatory statement attached to the papers before the Court;

8.2. the notice convening the scheme meeting substantially in the form of the notice attached to the papers before the Court;

8.3. a form of proxy substantially in the form of the form of proxy attached to the papers before the Court; and

8.4. this Order of Court,

shall lie for inspection at the registered offices of the Applicant and Grootevlei and the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, during normal business hours, and at the office of the chairman at the places mentioned in 4.3, for at least two weeks prior to the date of the scheme meeting and copies of these documents may be obtained free of charge from the Applicant, Grootevlei and their secretaries in the United Kingdom;

7. the chairman shall report the results of the scheme meeting to this Honourable Court on Tuesday, 3 June 1997 at 10:00 or so soon thereafter as Counsel may be heard;

8. the report required by this Court from the chairman of the scheme meeting, shall comply with the requirements of section FE of the Practice Manual of this Court;

9. the chairman of the scheme meeting shall make available (and the notice of the scheme meeting which is published and sent to Grootevlei's shareholders shall include a statement that it will be so available) a copy of the chairman's report to this Court, free of charge to any scheme member on request for it, for at least one week before the date fixed by this Court for the chairman to report back to it; and

10. any scheme member wishing to vote by proxy shall at least 24 (twenty-four) hours before the scheme meeting is due to commence, tender as his proxy a form of proxy in the form of the form of proxy referred to in paragraph 5.3 of this Order. In addition, forms of proxy may be handed to the chairman up to 10 (ten) minutes before the scheme meeting is due to commence.

By Order of the Court

Registrar  
15 April 1997

Bowman Gilfillan Hayman Godfrey Inc.  
Applicant's Attorneys  
2nd Floor  
Ten Sixty Six Building  
Corner Harrison and Pritchard Streets  
Johannesburg, 2001  
(PO Box 2438, Johannesburg, 2000)  
Tel: (011) 881-9800 or (011) 836-2811  
(Ref: Mr J H Schlossberg/Mr R A Cohen)

## NOTICE TO HOLDERS OF

## American Medical

## Response, Inc.

## (the "Company")

## 5 1/4% Convertible

## Subordinated Notes

## Due February 1, 2001

## (the "Securities")

Pursuant to a merger agreement dated as of January 5, 1997 among Laidlaw Inc. ("Laidlaw"), MedTrans Acquisition Co. ("MedTrans") and the Company, MedTrans made a tender offer for the "Tender Offer" for all of the common stock of the Company. MedTrans merged into the Company (the "Merger"), the Company became a wholly-owned subsidiary of Laidlaw, and each share of the Company's Common Stock was converted into the right to receive cash in the amount of \$40.00 per share. Due to the consummation of the Merger, the Securities are no longer convertible into the Company's Common Stock. Pursuant to a supplemental indenture dated as of March 21, 1997 (the "Supplemental Indenture"), each holder of the Securities has the right to convert such Security only into the consideration receivable upon such merger by a holder of the number of shares of Common Stock of the Company into which such Security might have been converted immediately prior to such merger. The Supplemental Indenture has been executed, and this Notice is delivered pursuant to the requirements of the Indenture dated as of February 1, 1996 with respect to the Securities. In the Supplemental Indenture, the Company expressly agreed to pay, upon conversion of each Security, cash in the amount of \$40.00 per share of Common Stock into which each Security was convertible immediately prior to the Merger. This \$40.00 per share shall be payable until the close of the business on February 1, 2001.

Dated: April 18, 1997

## RPS

## Residential Property

## Securities No. 4-PLC

## £250,000,000

## Class A1 Notes

## Mortgage Backed Floating

## Rate Notes due 2023

Notice is hereby given that there will be a principal repayment of £4,077 per £100 of the Notes on the dates payable due 30th April 1997. The principal amount outstanding on 14 May 1997 will therefore be £15,945 per £100.

NORTHWEST MARKS

## NOTICE OF SCHEME MEETING

In the High Court of South Africa (Witwatersrand Local Division)

Case No. 97/475

Johannesburg, 15 April 1997

Before the Honourable Mr Justice Roux

In the ex parte application of

Harmony Gold Mining Company Limited (Incorporated in the Republic of South Africa) (Registration number 0538232/06)

Applicant

at vs

The Grootevlei Proprietary Mines Limited (Incorporated in the Republic of South Africa) (Registration number 0102086/06) ("Grootevlei")

Notice is hereby given that, in terms of an Order of Court dated 15 April 1997 in the above matter, the High Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered in accordance with the provisions of section 311 of the Companies Act, 1973 ("the Act"), that a meeting ("the scheme meeting") of shareholders of Grootevlei (other than the Applicant) registered as such at the close of business on Tuesday, 20 May 1997 ("the scheme members") be convened under the chairmanship of Miranda Janet Feinstein, a partner in Edward Nathan & Friedman Inc. Attorneys of Johannesburg, or, failing her, an independent attorney or advocate nominated by Bowman Gilfillan Hayman Godfrey Inc. for the purpose of considering and, if deemed fit, agreeing to with or without modification, the scheme of arrangement ("the scheme") proposed by the Applicant between Grootevlei and the holders (other than the Applicant) of its issued shares ("the scheme shares").

The scheme meeting will be held at 10:00 (South African local time) on Wednesday, 21 May 1997, in the boardroom of Randgold & Exploration Company Limited, 5 Press Avenue, Salfy, Johannesburg, 2005.

A copy of the scheme, the explanatory statement in terms of section 312(1) of the Act explaining the scheme, the notice convening the scheme meeting, the proxy form and the Order of Court convening the scheme meeting are included in the documents which have been sent to scheme members and holders may, on request by any scheme member, be inspected during normal business hours at any time prior to the scheme meeting at the registered offices of the Applicant and Grootevlei at 5 Press Avenue, Salfy, Johannesburg and at the office of the secretaries of the Applicant and Grootevlei in the United Kingdom, Viaduct Corporate Services Limited, 19 Charterhouse Street, London, EC1N 8QP and at the office of the chairman of the scheme meeting, 4th Floor, The Forum, 2 Maude Street, Sandton. Copies of the documents may be obtained free of charge on request during normal business hours from the Applicant, Grootevlei, their secretaries in the United Kingdom and the chairman of the scheme meeting at the places mentioned above.

Each scheme member may attend, speak and vote in person at the scheme meeting or may appoint any other person or persons (none of whom need be a shareholder of Grootevlei) as a proxy or proxies to attend, speak and vote in such scheme member's place. The necessary proxy form (green) is included in the documents which have been sent to scheme members. Additional proxy forms may be obtained on request from the registered offices of the Applicant and Grootevlei and their secretaries in the United Kingdom as set out above.

Each signed proxy form must be lodged with or posted to Optimum Registrars (Proprietary) Limited, 4th Floor, Edura House, 41 Fox Street, Johannesburg, 2001 (PO Box 62381, Marshalltown, 2107) or the United Kingdom registrar, The Royal Bank of Scotland plc, Registrars Department, PO Box 82, Caxton House, Redcliff Way, Bristol, BS99 7NH, so as to be received by not later than 10:00 (South African time) on Tuesday, 20 May 1997 or may be handed to the chairman of the scheme meeting by not later than ten minutes before the time for which the scheme meeting is convened.

Where there are joint holders of scheme shares, any one of such persons may vote at the scheme meeting in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders be present or represented at the scheme meeting, that one of the said persons whose name stands first in Grootevlei's share register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.

In terms of the Order of Court dated 15 April 1997, the chairman of the scheme meeting will report the results thereof to the above Honourable Court at 10:00 or soon thereafter as Counsel may be heard on Tuesday, 3 June 1997. A copy of the chairman's report to the Court will be available on request (free of charge) to any scheme member at the registered office of the Applicant and at the office of their secretaries in the United Kingdom and at the office of the chairman of the scheme meeting during normal business hours at the places mentioned above for at least one week before the date fixed by the Court for the chairman to report back to it.

The scheme is subject to the fulfilment of certain conditions precedent stated in the scheme, one of such conditions being its sanction by the above Honourable Court.

Miranda Janet Feinstein  
Chairman of the scheme meeting

Attorneys to the scheme:  
Bowman Gilfillan Hayman Godfrey Inc.  
2nd Floor  
Ten Sixty Six Building  
Corner Harrison and Pritchard Streets  
Johannesburg, 2001  
(PO Box 2438, Johannesburg, 2000)  
Tel: (011) 881-9800 or (011) 836-2811  
(Ref: Mr J H Schlossberg/Mr R A Cohen)

## COMPANIES AND FINANCE: ASIA-PACIFIC

Convenience shops strong as other retailers suffer falling sales

## Japan store chains buoyant

By Gwen Robinson  
in Tokyo

Japan's three leading convenience store chains yesterday reported strong sales and profits for the year to February, reflecting the boom in the "corner store" sector while other retailers are suffering falling sales and earnings.

Seven-Eleven, Japan's largest and most successful convenience-store operator, reported an increase of 7.2 per cent in consolidated recurring profit to ¥105.15bn (\$836m). Seven-Eleven's profit was the largest of any Japanese retailer for the fourth consecutive year.

Operating revenues, which include sales at directly operated stores and management consultant fees from franchisees, rose 10 per cent to ¥263.1bn, while after-tax profit rose 5.2 per cent to ¥55.3bn. Net profits per share, however, fell from ¥138.84 to ¥132.83 after a stock split. The company will increase its annual payout by ¥3 to ¥38 a share.

The growth in earnings was largely attributable to brisk food sales and the company's aggressive campaign to open more stores. Seven-Eleven's franchise network grew by 502 stores in the year, bringing the total number of outlets to 6,922.

For the year to February 1997, Seven-Eleven forecasts a 5.6 per cent increase in recurring profit to ¥111bn on revenue of ¥275bn, up 8 per cent.

Seven-Eleven's sales growth for the first time surpassed its parent, the supermarket chain operator Ito-Yokado, which announced that annual consolidated recurring profit increased 1.3 per cent to ¥212.2bn. After-tax profit fell 3.1 per cent to ¥74.3bn.

Operating revenue rose 4.4 per cent to ¥3,000bn, while sales rose only 0.1 per cent to ¥1,530bn. Ito-Yokado blamed the poor sales largely on the drop in food

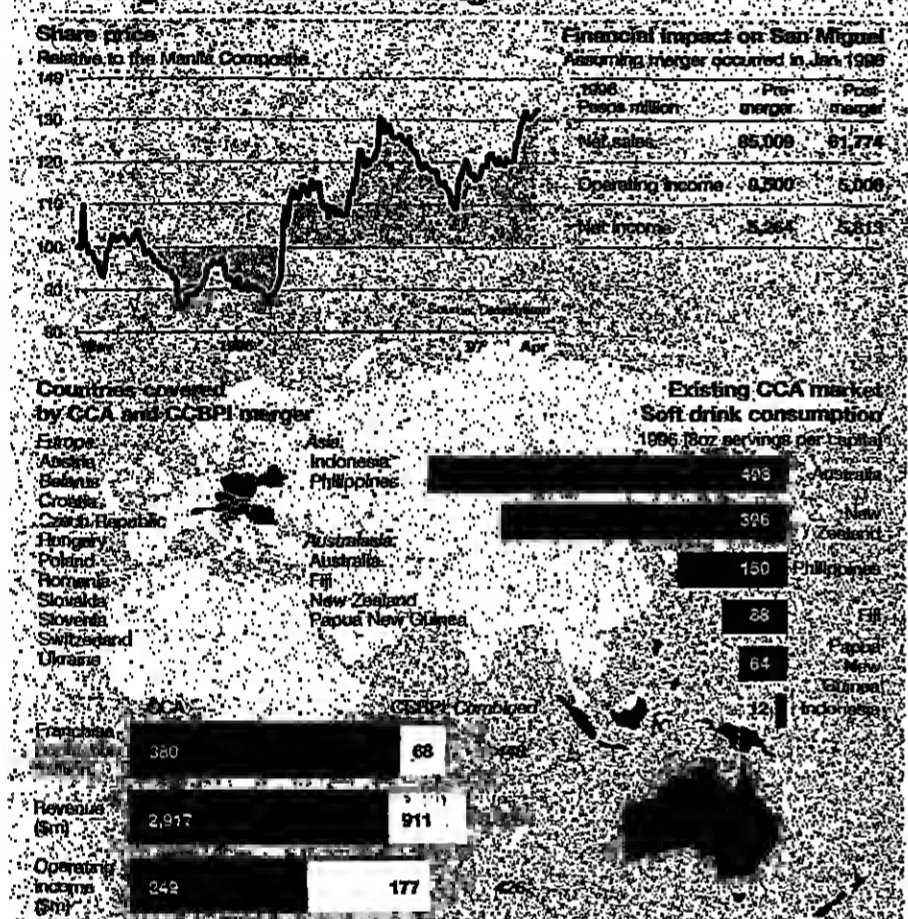
sales amid the a.c. coil poisoning scare last summer.

However, Ito-Yokado's share price surged ¥200 to ¥6,150, a new high for the year, on its bullish earnings forecast for the current year. It expects an increase of 10.6 per cent in recurring profit to ¥77bn.

Family Mart, a subsidiary of supermarket operator Seiyu, said recurring profit rose 12.5 per cent to ¥22.5bn on operating revenues of ¥112bn, up 16.8 per cent. Store sales grew 16.9 per cent to ¥34.5bn. Meanwhile, said recurring profit surged 33.3 per cent to ¥4.5bn on operating revenue of ¥26bn, up 24 per cent.

## Market takes second look at San Miguel

Bottling deal: the real thing?



San Miguel, the Philippine food and beverage group, has been having a torrid time lately. Its \$2.5bn share swap with Australia's Coca-Cola Amatil (CCA) this month failed to impress the market, and has been followed by loud protests against the deal by influential dissenters and an increasingly public dispute over share ownership.

Prompted by the stock market's general downturn, San Miguel B shares, which are open to foreigners, dived as much as 17 per cent after the deal was announced, and yesterday closed at 83.5 pesos, still 7 per cent below their level before the deal. As if to confirm the market's view that the Australian-based drinks company had the better deal, CCA shares jumped 6 per cent to A\$12.70 on news of the merger.

The deal is essentially the exchange of San Miguel's 70 per cent stake in Coca-Cola Bottlers Philippines - which serves the domestic market of 68m - for a 25 per cent stake in the enlarged CCA group, which covers 448m people in 17 countries. San Miguel becomes the second largest shareholder in the largest Coca-Cola bottler outside the US.

The merger initially raised eyebrows, however, because the domestic bottler is San Miguel's cash cow. Last year it contributed 28 per cent of group sales and 39 per cent of the bottom line.

According to one analyst, the net dilution in 1997 earnings post-merger is 29.7 per cent, but the group argues that, with a non-compete agreement worth 430m pesos

(\$16m) annually for 10 years and other adjustments, the merger will be earnings enhancing from the outset.

Although the pricing of the deal - which valued the local bottler at 24 times 1996 earnings, compared with the group as a whole trading at 31 times - might be questioned, the move beyond into international markets has been welcomed.

The scope for future growth is considerable. In neighbouring Indonesia, for example, which has similar GDP per capita levels to the Philippines, soft drinks consumption is less than one-twelfth of the Philippines figure.

"This is a deal you can live with," says Mr Noel Reyes, vice-president of Ancor-Hagedorn Securities in Manila. "They could have got a better price, but strategically it was a good move. The bottling market in the Philippines is getting too small for them."

But at Tuesday's annual shareholders' meeting, a formal protest against the merger was lodged by Mr Eduardo Cojuangco, former San Miguel chairman and ally of the late president Ferdinand Marcos. Mr Cojuangco disputes ownership of a 48 per cent stake sequestered in 1987 by the Presidential Commission on Good Government, a body set up to recover assets thought to have been fraudulently amassed during the Marcos years.

More seriously, 10 years after the case to resolve ownership began, the Supreme Court has yet to rule either

way, and nine PCGG representatives now sit on the 15-strong board of the Philippines' largest multinational.

Although it is difficult to assess the effects of the dispute - San Miguel refuses official comment - Mr Reyes believes it has hamstrung the group. Last year, group profits slipped 2 per cent to 5.26m pesos.

"The internal share ownership dispute has politicised the whole workforce," he says. "The most ambitious people don't want to risk their careers. Everyone's dream is to find a corner in San Miguel, do nothing and receive a pay cheque. I have always believed that whatever the PCGG touches turns to dross. They ruin everything."

In a rare comment on the subject, Mr Albert de Larrazabal, senior vice-president of treasury, acknowledged that having the PCGG on board was "not without its difficulties. It imposes a certain degree of conservatism, but if you look at our expansion over the last eight to 10 years it's not as if they've prevented us from doing it."

With no definitive Supreme Court ruling in sight, the PCGG will continue its ride with San Miguel into new international markets. The group's 1997 results will give a concrete indication of how successful the merger has been. Earlier signals, such as the winning of the franchise for India, may well emerge to increase investors' enthusiasm for what looks like a shrewd deal.

Justin Marozzi

## Shanghai Tyre and Rubber recovers

By James Harding  
in Shanghai

The rapid expansion of China's road network and growing demand for tyres helped Shanghai Tyre and Rubber lift sales and return to profit in 1996.

The tyre-maker yesterday reported net profits of ¥109.1m (\$13.1m) compared with a loss in 1995 of ¥170.4m, a turnaround assisted by the fall in raw material costs and a substantial tax refund.

Turnover for the year ended December 31 rose from ¥3.41bn to ¥3.98bn, reflecting an increase in unit sales and higher prices for tyres.

The company recorded a tax refund of ¥150.1m, compared with a 1995 refund of ¥115.8m.

Under Chinese tax rules, Shanghai Tyre and Rubber is entitled to a refund equivalent to value-added tax and consumption tax on sales of its products until the end of 1998.

The market had been expecting an improvement in the company's performance, but the results outstripped expectations.

"These are excellent results. Management is more market-oriented and the company has been expanding market share. The business is improving substantially and the reasons for the improvement are solid," one analyst said.

According to one foreign investor, Shanghai Tyre and Rubber is expected to see further increases in sales and "continued earnings growth, linked to the increased production of automobiles in China, the growing reliance on road transport and the need for higher quality tyres for motorway driving".

Shares in the company traded on Shanghai's foreign currency stock market rose sharply to close at \$0.574 - up nearly 10 per cent, the exchange trading limit - as the market's B-share index closed up 7.18 per cent.

Margin growth was explained by increases in sales prices and a fall of approximately 20 per cent in the cost of natural and synthetic rubber, analysts said.

Shanghai Tyre and Rubber reported that the opening of the Shanghai-Nanjing expressway in 1996 helped the company sell more radial passenger car tyres, one of its most important products.

The company also acquired the bankrupt Hailou Tyre Plant last year, which helped it to expand market share and develop 33 new types of tyre.

The company proposed a dividend of ¥0.15 a share.



## The Grootvlei Proprietary Mines Limited

(Registration number 01/0208/05)  
NASDAQ trading symbol: GVTMY  
("Grootvlei")

## Harmony Gold Mining Company Limited

(Registration number 05/98232/06)  
NASDAQ trading symbol: HGMCY  
("Harmony")

## Proposed scheme of arrangement

## 1. INTRODUCTION

Further to the announcement published on 18 February 1997, RMB Resources is authorised to announce that the High Court of South Africa (Witwatersrand Local Division) ("the Court") has ordered that a meeting of Grootvlei ordinary shareholders, other than Harmony, be convened ("the scheme meeting") to consider the scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended, proposed by Harmony between Grootvlei and Grootvlei's ordinary shareholders, other than Harmony ("the scheme").

The Order of Court and the notice convening the scheme meeting are published simultaneously herewith.

## 2. DETAILS REGARDING THE SCHEME

## 2.1 Rationale for the scheme

Harmony, with its proven record of being able to turn marginal mines into profitable operations, has the resources to exploit Grootvlei's ore body and to restore Grootvlei's operations to their full potential. Harmony in turn will benefit from the larger volume of gold production through reduced costs and increased ore reserves.

## 2.2 Mechanics of the scheme

In terms of the scheme, Harmony will issue 3 097 445 Harmony ordinary shares ("the Harmony consideration shares") in exchange for the cancellation of all the issued Grootvlei ordinary shares other than those held by Harmony. Grootvlei shareholders, other than Harmony, registered as such on the record date for the scheme, which is expected to be Friday, 6 June 1997, will receive 30 Harmony ordinary shares for every 100 Grootvlei ordinary shares held on that date. Upon the scheme becoming operative, Grootvlei will become a wholly-owned subsidiary of Harmony and the listings of Grootvlei ordinary shares on the Johannesburg Stock Exchange ("the JSE"), the London Stock Exchange Limited ("the LSE") and Nasdaq will be terminated.

## 2.3 Related party

In terms of the Listings Requirements of the JSE, as Randgold & Exploration Company Limited ("Randgold") exercises control over more than 10% of the issued share capital of Harmony and Grootvlei, the transaction whereby Harmony will become the holder of the entire issued share capital of Grootvlei in terms of the scheme ("the transaction") is a "related party" transaction. In addition, certain of the directors of Grootvlei, who are also directors of Harmony and/or Randgold, are regarded as related parties. Accordingly, Harmony shareholders, other than Randgold, Mr L. Hewitt and Dr D.M. Brielow, will be required to approve the transaction at the forthcoming general meeting of Harmony shareholders.

## 3. IMPORTANT DATES AND TIMES

The important dates and times concerning the scheme are set out below. All times are South African local time:

1997

Last day to lodge forms of proxy for the general meetings of Harmony and Grootvlei shareholders by 09:30 and 10:30 respectively on	Monday, 19 May
Last day for Grootvlei shareholders to lodge form of proxy for the scheme meeting by 10:00 on	Tuesday, 20 May
Last day for Grootvlei shareholders to register in order to vote at the scheme meeting on	Tuesday, 20 May
General meeting of Harmony shareholders to be held at 09:30 on	Wednesday, 21 May
Scheme meeting of Grootvlei shareholders to be held at 10:00 on	Wednesday, 21 May
General meeting of Grootvlei shareholders to be held at 10:30 on	Wednesday, 21 May
Court hearing to sanction scheme and confirm reduction of capital on	Tuesday, 3 June
Record date to determine participation by Grootvlei shareholders in the scheme at the close of business on	Friday, 6 June
Termination of the listings of Grootvlei shares on the JSE, the LSE and Nasdaq from the close of business on	Friday, 6 June
Operative date of the scheme on	Monday, 9 June
Commencement of the listings of the Harmony consideration shares on the JSE, LSE and Nasdaq from the opening of business on	Monday, 9 June
Harmony consideration share certificates and, where applicable, cheques in respect of fractional entitlements posted to scheme participants (if Grootvlei documents of title are received prior to the operative date or, failing that, within seven business days of receipt thereof by the transfer secretaries) on	Monday, 9 June

## 4. OPINIONS AND RECOMMENDATIONS

Fleming Martin SA Limited has advised the board of directors of Grootvlei that the proposed exchange ratio of 30 Harmony shares for every 100 Grootvlei shares is fair and reasonable to Grootvlei shareholders. Vennyn Rand (Proprietary) Limited has advised the board of directors of Harmony that the proposed exchange ratio of 30 Harmony shares for every 100 Grootvlei shares is fair and reasonable to Harmony shareholders.

## 5. DOCUMENTATION

The JSE and the Securities Regulation Panel have approved the circulars relating to the scheme and these will be posted to the relevant Harmony and Grootvlei shareholders today.

Sandton  
18 April 1997Merchant bank to Harmony  
and Grootvlei

Adviser to Grootvlei

Adviser to Harmony

Attorneys

**RMB RESOURCES**  
(A division of  
Rand Merchant Bank Limited)  
(Registration number 09/13880/06)  
(Registered bank)

**FLEMING MARTIN**  
Fleming Martin SA Limited  
(Registration number 05/98232/06)

**VENNYN RAND**  
(A division of Rand  
Merchant Bank Limited)  
(Registration number 09/13880/06)

**Bowman  
Giffman  
Hayman  
Godfrey**  
ATTORNEYS  
LITIGATORS  
Barristers  
Bowman, Giffman,  
Hayman, Godfrey Inc.  
(Registration number 7801915/21)

Sponsoring brokers to Harmony and Grootvlei

(In South Africa)

(In the United Kingdom)

**RMB SECURITIES (PTY) LIMITED**  
(Registration number 05/0505/07)  
(Member of the Johannesburg Stock Exchange)

**Simpson McKie James Capel**  
Member JSE Group  
Simpson McKie James Capel (Pty) Limited  
Member of the Johannesburg Stock Exchange  
Reg. No. 9401/736/07

**HSBC James Capel**, a part of  
HSBC Investment Bank plc  
(Regulated by the Securities and Futures Authority  
and a member of the London Stock Exchange)

**CREDIT NATIONAL**  
US\$100,000,000  
Subordinated collateral  
floating rate notes 2005  
For the period 18 April 1997 to  
20 October 1997 the notes will  
bear interest at 5.7825% per  
annum. Interest payable on  
20 October 1997 will amount  
to US\$2.71 per US\$1,000,  
US\$2.70 per US\$10,000  
and US\$27.47 per US\$250,000 note.  
Agent: Morgan Guaranty  
Trust Company  
**JPMorgan**

**PERUSAHAAN  
PERSEROAN (PERSERO)**  
P.T. BANK NEGARA  
INDONESIA,  
HONG KONG BRANCH  
USD 151,500,000  
FRN DUE 1997  
INTEREST RATE:  
7.0625%  
INTEREST PERIOD:  
FROM 18/04/1997 TO  
20/10/1997  
INTEREST PAYABLE  
PER USD 500,000 -  
NOTE: USD 18,146.70  
BY FUJI BANK  
(LUXEMBOURG) S.A.

Notice to the Bondholders of  
**US\$75,000,000**  
Finance One Public Company  
Limited  
5.75 per cent subordinated Convertible Bonds due 2003  
(The "Bonds")  
Notice of Closed Period  
NOTICE IS HEREBY GIVEN to the holders of the  
outstanding Bonds of Finance One Public Company Limited  
(the "Company"), in accordance with the Terms and  
Conditions of the Bonds, that the Annual General  
Shareholders' Meeting will be held on 28 April 1997 and the  
Closed Period, during which the Company shall close its  
shareholders' register, runs from 8 April 1997 up to 28 April 1997,  
and will resume normal registration on 29 April 1997.  
Finance One Public Company Limited  
18 April, 1997  
**CITIBANK**



## COMPANIES AND FINANCE: THE AMERICAS

## US paper groups yet to see recovery

By John Authers  
in New York

Predictions that wholesale paper prices had bottomed out, and that the first quarter of this year would see the beginning of a recovery proved optimistic, with several of the sector's largest companies reporting losses.

Projections of a rebound in paper prices have now been pushed back to the third or fourth quarter of this year. Only a few categories, such as tissue paper, have avoided falls in price of 25 per cent or more.

Meanwhile, several industry executives believe that both the industry and paper prices have been harmed by overcapacity. This has created increased speculation that the sector, which is somewhat over-crowded, could see merger activity before long.

Companies in the sector are now concentrating either on diversifying into new products offering them alter-

native sources of profits, or on closing loss-making operations.

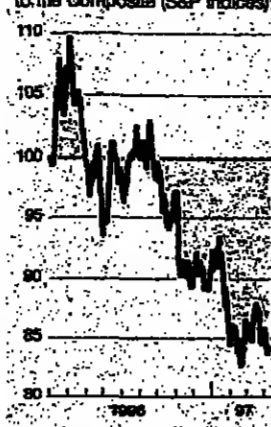
Atlanta-based Georgia-Pacific made a gain from the sale of assets in California. It was also helped by growing income from its building products business. Operating profits in pulp and paper businesses were in line with sector, at \$20m, against last year's \$174m.

Weyerhaeuser, based in Washington state, reported net earnings of \$21m, after a restructuring charge of \$25m, against profits in the equivalent quarter of 1996 of \$142m. Mr John Creighton, chief executive, said the pulp, paper and packaging markets were "still difficult", but that the company was continuing to focus on its long-term plans.

Bowater, based in South Carolina and widely regarded as a potential acquisition target for non-US companies as its shares are relatively undervalued, took a net loss of \$314,000, which

## Feeling the pain

US paper sector relative to the Composite (S&amp;P Index)



it again attributed to price declines.

However, the company was more positive than some, saying it appeared to "be at the bottom of the current market cycle", and had completed a buy-back of 4m shares during the year. Mr

Company	Sales (\$m)	Net income (\$m)	1st quarter 97 vs 96	Earnings per share (\$)
Georgia-Pacific	1,273.8	227.7	-25.2	25.5
Bowater	348.5	488.9	-0.31	112.9
Georgia-Pacific	1,273.8	227.7	-25.2	25.5
International Paper	4,900.0	4,800.0	343.0	98.0
Weyerhaeuser	2,808.0	2,805.0	21.0	142.0

Arnold Nemirow, chief executive, said that "based on declining inventories and improved demand" Bowater had announced price increases for newsprint and coated paper.

Missouri-based Jefferson Smurfit said it had also

made a loss, of \$7m for the quarter, and said the domestic market for linerboard was in "disarray" due to excessive inventories. Louisiana-Pacific, based in Oregon, reported a profit due to a net gain of \$122m, equivalent to 68 cents after tax.

from a settlement with the US government over timber supply prices. Without this exceptional item, it lost \$32m in the quarter, down from a \$3.6m loss in the equivalent period last year.

It blamed overcapacity across the industry in strandboard construction panels, a problem it hopes will be resolved by the less efficient producers being forced to close.

However, the company's results were overshadowed by the lawsuit against it by International Paper, the largest US paper manufacturer, which alleges that Mr Mark Suwyn, Louisiana-Pacific chief executive, violated a "non-compete" agreement when he left IP last year. If IP wins, Mr Suwyn could be forced to leave his posts for 18 months.

Louisiana-Pacific said it had no plans to sell the company, although a director said a forced departure for Mr Suwyn could leave it "on the block".

## Alex. Brown results hit by fall in IPO volume

By Tracy Corrigan  
in New York

Alex. Brown, the Baltimore-based investment bank that recently agreed to merge with Bankers Trust, yesterday reported a 23 per cent fall in net income to \$31m in the first quarter, against the same quarter a year ago.

Alex. Brown's profits were hit because of its reliance on fees from initial public offerings, the sector of the primary market most vulnerable to volatile trading conditions.

As a result, the volume of IPOs dropped in the first quarter, while other equity underwriting business remained robust. Alex. Brown specialises in the technology sector, which performed poorly for much of the quarter.

Mr A.S. Krongard, chairman, said the results were "reflective of the tempestuous swings in the equity

markets and resultant reduced underwriting activity". However, firms with broader-based equity underwriting businesses have reported strong earnings and favourable conditions, analysts said.

Investment banking revenues at Alex. Brown declined 26 per cent to \$74.9m. Return on equity for the quarter was 19 per cent.

Bankers Trust, which also reported earnings yesterday, recorded a further improvement, with earnings per share of \$1.89, just ahead of analysts' estimates and 24 per cent above the same period a year ago.

Net income of \$169m was up 22 per cent from \$139m in the first quarter of 1996. Return on equity climbed to 14.3 per cent, compared with 11.9 per cent a year ago, but still below investment banks involved in comparable business activities.

Corporate finance fees jumped 68 per cent due to higher fees from private placements, mergers and acquisitions and loan syndication.

Bankers Trust's share price rose 3% to \$75, while Alex. Brown shares gained 3% to \$59.

Separately, Dean Witter, Discover, which is due to merge with Morgan Stanley, announced record quarterly earnings of 81 cents a share, in line with expectations and up 16 per cent from the year ago period. Net income climbed 12 per cent to \$276m, on the back of record net operating revenues of \$1.65bn.

"We are very pleased with another record quarter," said Mr Philip Purcell, chairman and chief executive officer. "In our credit card business, we benefited from the pricing actions we took last year in response to rising write-offs."

## Rockwell builds links with China in electronics

By Tony Walker in Beijing

Rockwell International, the US conglomerate, yesterday signed an agreement with China's Ministry of Electronics to increase technical co-operation as part of the US company's drive to secure a large contract for micro-electronics.

Rockwell, which is the world leader in the manufacture of modern chip-sets for computers and fax machines, is competing with German and Japanese companies for a \$1.2bn semiconductor venture known as the "909" project.

Mr Donald Beall, Rockwell chairman, said the memorandum of understanding with the Ministry of Electronics would "lead to greater co-operation between the Chinese government and several of Rockwell's areas".

The agreement provides for the establishment of

"design centres" across China to facilitate co-operation in modern and wireless communications.

Rockwell, whose senior management has conducted a week-long strategy session in Beijing and Shanghai, aims to increase sales in China to more than \$1bn annually by early next century, compared with about \$200m now.

Mr Beall said Rockwell would focus on supplying automation equipment to help modernise state-owned factories; avionics for China's nascent aircraft industry; and semiconductors.

The company will also build its presence in the fast-growing automotive components sector, where it has established four joint ventures, including one manufacturing axles for heavy trucks.

Mr Beall indicated that Rockwell planned a new drive to increase its pres-

ence in China. "We believe we have only begun to discover and develop the many areas of mutual interest that we share in China."

Rockwell has invested \$50m in China but intends to raise its commitment. It is also considering setting up a holding company to consolidate oversight of its China ventures.

"It is hard to predict our level of investment. This will depend on how successful our ventures prove to be," said Mr Beall. "But I would be disappointed if revenues were not in the range of \$1bn-\$1.5bn by early next century."

Rockwell's global sales are expected to reach \$8bn this year, with the Asia-Pacific region accounting for about 15 per cent. Mr Beall believes there is much scope for the region to lift its share of Rockwell's global operations, with China a key factor.

## NOTICE OF EARLY REDEMPTION

To the holders of  
Bayerische Hypotheken- und Wechsel-  
Bank Aktiengesellschaft  
(the "Issuer")

Italian Lire 150,000,000,000  
9.625% Euro Medium Term Notes 1994  
due 2004 (the "Notes")

NOTICE IS HEREBY GIVEN that all of the outstanding Notes will be redeemed by the Issuer on 30 May 1997 (the "Optional Redemption Date"), pursuant to Condition 5(c) of the Terms and Conditions of the Notes. The Notes will be redeemed at their Principal Amount Outstanding together with accrued interest to the Optional Redemption Date.

Payment will be made by an Italian Lire check drawn on or by transfer to an Italian Lire account maintained by the payee with a bank in Milan upon presentation and surrender of the Note together with all coupons appertaining thereto maturing on or after the Redemption Date at the offices of the Paying Agents listed below. Interest on the Notes shall cease to accrue thereafter and the Coupons for any such interest maturing after the Redemption Date shall be void, irrespective of whether or not such Notes and Coupons have been surrendered for payment. The Notes are being redeemed pursuant to the provisions of the Agency Agreement dated as of May 6, 1992, as supplemented by a First Supplemental Agency Agreement dated as of May 12, 1993 between, inter alia, the Issuer and Morgan Guaranty Trust Company of New York.

Principal Paying Agent  
Morgan Guaranty Trust Company of New York  
60 Victoria Embankment  
London EC4Y 0JF

Paying Agents  
Banque Paribas Luxembourg Morgan Guaranty Trust Company  
10A Boulevard Royal of New York  
L-2093 Luxembourg Avenue des Arts 35  
B-1040 Brussels

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft  
By: Morgan Guaranty Trust Company of New York  
as Principal Paying Agent  
Dated: April 18, 1997

## FIVE ARROWS GLOBAL FUND

20, Boulevard Fennemaux Servas 1-2535 Luxembourg  
R.C. Luxembourg B 40119

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of the Shareholders of FIVE ARROWS GLOBAL FUND will be held at the Registered Office of the Company on 30 April 1997 at 10.00 am.

## AGENDA

1. Approval of the Report of the Board of Directors and the Auditor's Report
2. Approval of the financial statements for the fiscal year ending on 31 December 1996
3. Allocation of the net result
4. Ratification of the co-optation as Director of Mr. Christopher RIGG in replacement of Mr. Raymond HODD, and the appointment of Mr. William RAMSAY as Director
5. Discharge of the outgoing Directors and the Auditor from their duties for the year ending on 31 December 1996
6. Appointment of the Directors and the Auditor of the Company:
  - Re-election of the outgoing Directors
  - Appointment as Directors of Mr. Christopher RIGG and Mr. William RAMSAY
  - Re-election of the Auditor
7. Any other business

Resolutions on the above-mentioned Agenda will require no quorum and the resolutions will be passed by a simple majority of the shares present or represented at the meeting.

A shareholder may act at any meeting by proxy.

On behalf of the Company,  
BANQUE DE GESTION EDMOND DE ROTHSCHILD  
LUXEMBOURG  
Société Anonyme  
20, boulevard Fennemaux Servas  
L-2535 LUXEMBOURG

## CNP, 1996 Annual Earnings

In 1996, the French life insurance market was estimated at FRF 525 billion, up by 8% on 1995. This growth was fueled by the considerable transfer of short-term savings to longer term investments such as life insurance. CNP's growth outpaced the market and resulted in improved earnings. CNP has reaffirmed its position as leading life insurer in France with a market share of 19%.

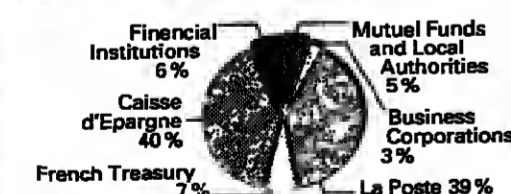
## Upwardly Mobile Net Earnings : + 6 %

In 1996, Group share of net earnings continued to rise steadily for eight consecutive years and reached FRF 1,572 million (+6%). With a post-tax net earnings to equity ratio of 12%, CNP has firmly placed itself in the ranks of the most profitable companies in the insurance sector.

## Considerable Increase in Premiums : + 19 %

For the first time ever, in 1996, CNP's premiums broke through the FRF 100 billion barrier to hit a record FRF 100.5 billion. Premiums have more than doubled in five years.

## Premiums per Partnership Center :



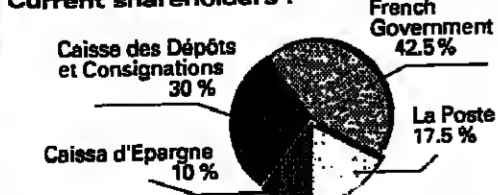
Savings products are mainly sold through the «Caisse d'Epargne», La Poste and the Treasury, while personal protection products are usually distributed by the other partnership centers.

## Rising Managed Investments : + 24 %

New contracts and the loyalty of policyholders pushed managed investments to FRF 436 billion, up by more than 24% on December 31 1995. Outstanding managed investments have increased ten fold in 10 years. CNP also consolidated its solvency with more than FRF 46 billion of unrealized capital gains at December 31 1996.

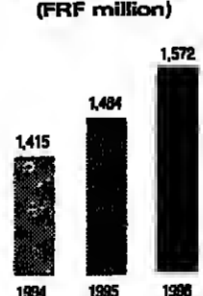
## Ready for Stockmarket Listing

## Current shareholders :

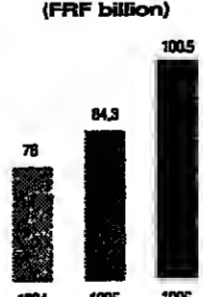


CNP's imminent listing on the stockmarket will mark a new stage in the company's development: the opportunity to increase equity and expand the shareholding.

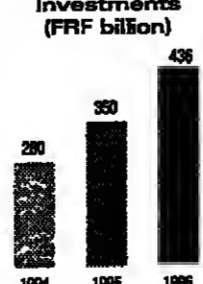
## Group net profit (FRF million)



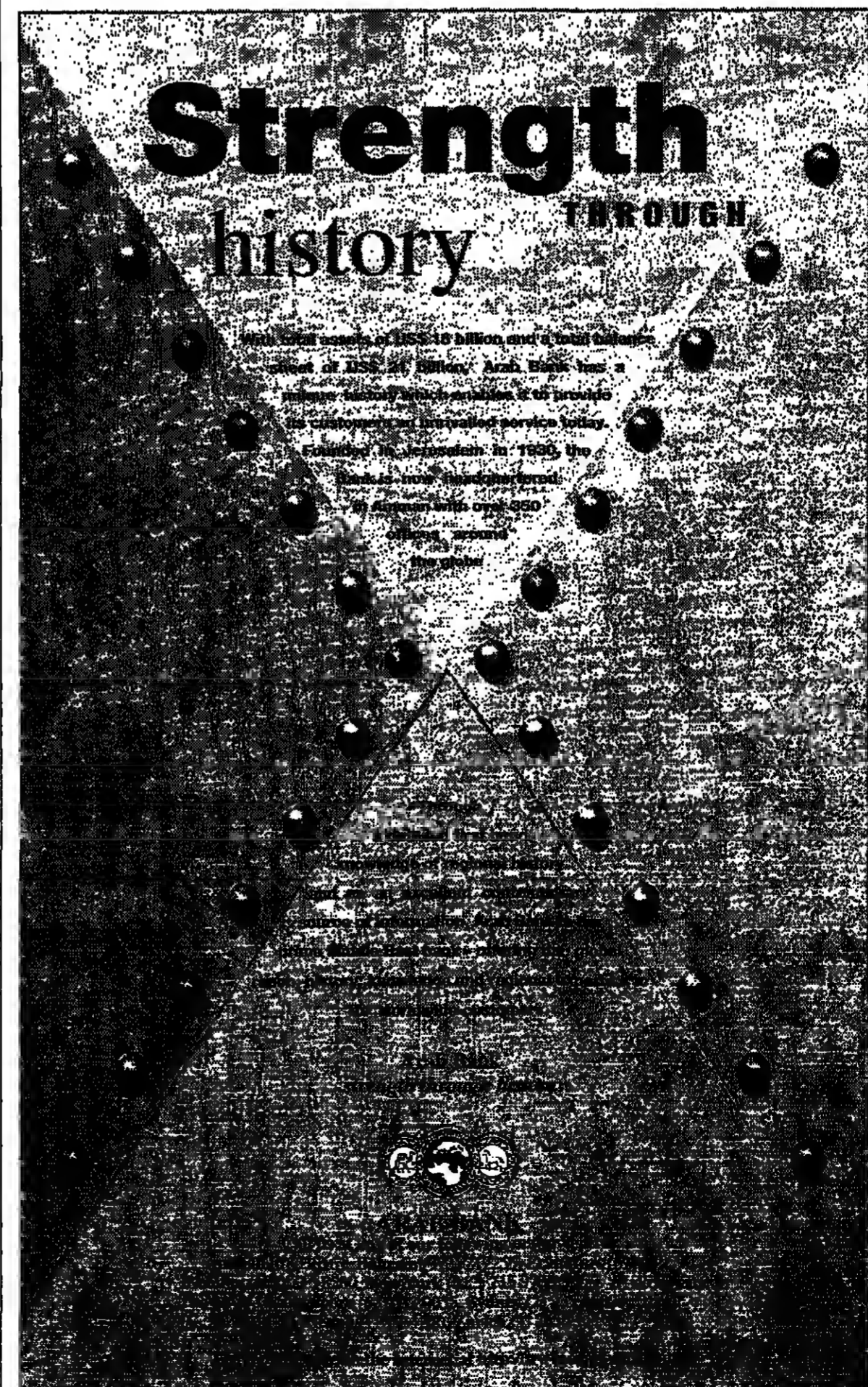
## Premiums (FRF billion)



## Managed Investments (FRF billion)



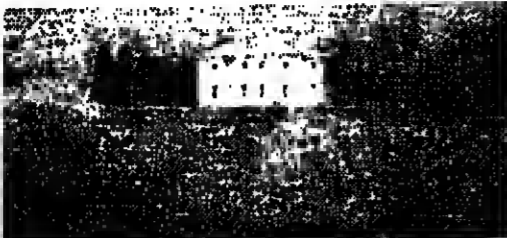
CNP, VIVEZ BIEN ASSURÉ



## COMMERCIAL PROPERTY

On the instructions of  
ENGLISH HERITAGE

**Danson House, Danson Park,  
Bexleyheath, London**



A unique opportunity to acquire a long leasehold interest in an important listed Grade I house. Major conservation works have been undertaken by English Heritage to repair the external structure and principal rooms of the house which extends to about 1,690 sq ft (gross internal). Sympathetic proposals for re-use, including completion of remaining works are sought. Some public access will be required. Offering potential for a wide range of appropriate uses, subject to all necessary consents.

About 3.3 acres

**Knight Frank**

20 Hanover Square, London W1R 0AH  
Tel: 0171-729 8171. Fax: 0171-753 0647

**BIDWELLS**  
CHARTERED SURVEYORS

**AGRICULTURAL INVESTMENT  
PORTFOLIO - Near LUTON**

OFFERING POSSIBLE FUTURE HOPE VALUE

599.32 acres (242.54 Ha) arable/grass farm  
Rent £32,590 p.a.

130.16 acres (52.68 Ha) arable/dairy farm  
Rent £9,111 p.a.

252.39 acres (102.14 Ha) arable/grassland  
Rent £16,405 p.a.

249.31 acres (100.90 Ha) arable/grass farm  
Rent £12,465 p.a.

364.36 acres (147.46 Ha) arable farm  
Rent £16,950 p.a.

For Sale as a Whole or in 5 Lots  
**01223 841841**

TRUMPINGTON ROAD CAMBRIDGE CB2 2LD  
OFFICES THROUGHOUT THE EASTERN REGION

**FRANCE SAVIGNY SUR ORGE**

20 kms from Paris - 10 kms from City Airport and  
from RUNGIS National Market - Public Auction

**OFFICE PREMISES** partially rented  
1, avenue du Garigiano

Building on 3 floors including 4 halls, 24 offices + premises - 1,318 sq.m. -  
56 parking places - 5,209 sq.m. of land - Possible building extension -  
Annual rent FRF 749,641. Bidding price: FRF 4,980,000.

Visits - April 11 & 17 2.00 to 4.30 pm  
and April 23 & 29 10.00 to 12.30 am

M. CHANSON Tel. +33 1-64-59-83-83

## COMPANIES AND FINANCE: UK

Water utility re-emphasises commitment to non-regulated overseas business

## Anglian provision expected

By Jane Martinson

Anglian Water is expected to announce a provision of about £15m (\$24.3m) at its annual results presentation next month after a review of its international operations.

The review of Anglian Water International is understood to have valued existing contracts in New Zealand, Brazil and the Czech Republic, the last two of which have been hit by delays.

Anglian is the latest of

several UK utilities to have suffered setbacks overseas, although the scale of its problems has been less than some of its peers.

United Utilities announced an £83m provision last month to cover potential losses on a £150m contract in Bangkok, while Thames Water, the London utility, made a £95m write-down last year largely to reverse its overseas policy.

Such disappointments have prompted criticism of the sector's international

involvement among some investors and analysts.

Anglian yesterday re-emphasised its commitment to its non-regulated overseas business following a board presentation by Mr Tony Rickford, the divisional managing director. Mr Rickford joined Huntingdon-based Anglian last year from Thames Water.

Mr Chris Mellor, Anglian's finance director, said after yesterday's meeting that it "might be reasonable to expect some provisioning".

He indicated that a final decision would be taken at a further board meeting next month.

NatWest Securities, the broking house, is expecting a provision of £20m to be made on annual pre-tax profits of between £245m and £250m for the full year. This includes a write-down for the sale of the group's products businesses to a US company last month.

Other analysts have estimated the cost of the investment write-down for the

overseas contracts alone at £18m.

Anglian's non-regulated division involves overseas water contracts, process engineering and a membrane technology business.

Anglian has a 37.5 per cent stake in an effluent treatment project in Brazil. Mr Mellor said yesterday that revenues had started coming from the project nine months later than expected.

The group's international division suffered an operating loss of \$5.7m last year.

## Pearl reaches end of cash era

By Christopher Brown-Humes

Pearl Assurance will reach the end of an era next month when it stops selling cash policies to new customers for the first time in its 153-year history.

Pearl, which is part of Australian Mutual Provident, will also stop collecting cash premiums from 120,000 households because the costs are greater than the amounts collected.

Instead, it will itself pay the premiums over the remaining life of the policies, but will deduct its total contributions from the amount paid at maturity.

Pearl is one of the UK's biggest door-to-door insurance groups. It says its new strategy does not affect its commitment to home service insurance - its sole sales channel - and there will be no job losses among its 4,500 sales force.

From May, new Pearl customers will make payments by direct debit, standing order, or cheque.

Two years ago Prudential, the UK's biggest life insurer, stopped selling small premium cash-collection life insurance and savings policies.

Pearl said between 140,000 and 160,000 of its 2.3m customers were paying less than £1 per four weeks and some households were paying less than £5 on all their policies. It said the new system would benefit its customers - who would have extra spending money - and would involve considerable savings for Pearl. But it says it is not moving away from its mass market customer base.

AMP, which bought Pearl for £1.1bn in 1989, is keen to expand its presence in the UK, but recently lost out to Prudential Corp in the bidding for Scottish Amicable. To balance Pearl's customer base, it is keen to buy a life insurer with a more upmarket clientele.

## German talks for BSG

By Richard Wolff, Midlands Correspondent

BSG International, the former car dealer which is now concentrating on automotive and aircraft products, has revealed it is in discussions to buy Buderus Sell, the aircraft interiors division of Buderus of Germany.

The acquisition would represent a substantial expansion of Britax Rumbold, BSG's aircraft interiors operation.

Buderus Sell reported sales of DM106m (\$61.4m) in the year to September 1996, compared with Britax Rumbold's sales of £50m.

Buderus Sell would be BSG's first significant acquisition since the sale of its Bristol Street car dealerships for £72m last month, raising £68m in cash.

Mr Richard Marton, chief executive, said: "We are at the earliest stages of negotiations. But this is exactly what we said we were always interested in developing. It is a very complementary business to Britax Rumbold."

Based in Herborn in Germany, Buderus Sell supplies Airbus aircraft with lavatory modules, through a joint venture with Deimler-Benz. It is also strong in manufacturing aircraft galleys.

## Cockle shortage hits A Fisher

By Maggie Urry

Albert Fisher, the produce and seafood group, yesterday reported a clean set of first-half figures, after four years of restructuring and hefty exceptional charges.

Pre-tax profits of £19.1m (\$30.9m) in the six months to February 28 compared with £18.8m before exceptional costs of £22.8m last time.

However, turnover from continuing businesses slipped from £56m to £58.8m, while net operating income dropped from £24.1m to £20.2m. The strong pound, a poor cockle harvest and the end of windfall frozen food profits were blamed for the shortfall.

The improvement in pre-tax profits was due to a lower interest charge, of £3.5m against £4.5m, and a contribution from discontinued operations of £1.8m, compared to a loss of



Fruit picking: Stephen Walls (left) yesterday with Neil England

£800,000.

Mr Stephen Walls, chairman, said the restructuring chapter had closed and a new one opened when Mr Neil England joined as chief executive last November.

The group was a high flier in the 1980s when it expanded rapidly through acquisitions, but profits collapsed in the early 1990s.

Mr England said the group had to decide in which prod-

ucts and markets it could be a significant force, and concentrate on those. A new management structure was being put in place. Improving margins was a priority, he said.

## CWS suspends two senior executives

By Clay Harris and Peggy Hollinger

The Co-operative Wholesale Society, which is under pressure from a predator to sell some of its main businesses to him, yesterday suspended the two most senior executives in its food retailing arm.

It cited a "suspected recent

serious breach of trust".

The mutually owned retailer also said it had commissioned an external investigation into business dealings since 1994 between divisions managed by the two men and companies controlled by Mr Andrew Regan.

A company run by Mr Regan bought CWS's food manufacturing businesses in 1994,

and he is now urging the flagship of the Co-operative movement to do another deal.

CWS said it had "unfortunately proved necessary" to suspend Mr Allan Green, controller for retailing, and Mr David Chambers, chief general manager for buying, marketing and supply chain.

The men direct a business with annual turnover of more than £30m.

Mr Regan, whose current corporate vehicle is Lancia Trust, a Guernsey-registered investment trust, has urged CWS to sell some of its non-food businesses including funeral services and travel agencies.

CWS so far has rejected all his overtures.

Mr Regan, whose current corporate vehicle is Lancia Trust, a Guernsey-registered investment trust, has urged CWS to sell some of its non-food businesses including funeral services and travel agencies.

## COMMERCIAL PROPERTY

# INVITATION TO OFFER

IRITECNA S.p.A. in liquidation (IRI GROUP) and its subsidiaries, within the voluntary liquidation proceedings.

## ARE TO SELL

**INDUSTRIAL COMPLEXES IN ITALY**

**MILAN**

**NERVIANO**  
Industrial complex composed of a building for office use 3,640 sq.m. s.l.p. (gross floor area) warehouse of 22,600 sq.m. and surrounding area of 25,324 sq.m. with small buildings and roofings. The whole complex covers an area of 60,350 sq.m.  
Destination P.R.G. (General City Plan): productive and artisan area D2 outside the range of residential areas. Art. 20 N.T.A. (Technical Realization Rules).

**PIEVE EMANUELE**  
Industrial complex composed of 8 civil buildings for office use, data processing center, canteen, guest quarters 4,337 sq.m. s.l.p. (gross floor area), 4 industrial buildings for 18,637 sq.m. (gross floor area) and surrounding area of 42,650 sq.m., with roofings, parking spaces and empty lots. The whole complex covers an area of 79,300 sq.m.  
Destination P.R.G. (General City Plan): industrial zone for completion D3. Art. 45 N.T.A. (Technical Realization Rules).

**NAPLES**

**VIA GIANNINCO 21/C**  
Industrial complex composed of 8 buildings. Bld. A: warehouse, offices, service units. Bld. B and E: deposits. Bld. C and D: offices. Bld. F: Porters' lodge. The whole complex covers an area of 17,791 sq.m. s.l.p. (gross floor area).  
Destination P.R.G. (General City Plan): equipment and services area for harbour activities F2.

**VIA GIANNINCO**  
Industrial complex located in two areas. Eastern Area: composed of 2 buildings used for offices, canteen, services, roofings. Western Area: composed of 4 warehouses and small buildings and roofings. Warehouse for 38,251 sq.m. s.l.p. (gross floor area). Office use buildings, various services, roofings, parking area 7,828 s.l.p. (gross floor area). The whole complex covers an area of 60,807 sq.m.  
Destination P.R.G. (General City Plan): equipment and services area for harbour activities F2. Art. 12 N.T.A. (Technical Realization Rules).

**TARANTO**

**SAN GIORGIO JONICO**  
Industrial complex composed of a building for office use and common use services 1,850 sq.m. s.l.p. (gross floor area), warehouse (industrial building) and small areas with roofings and parking, 5,900 sq.m. s.l.p. (gross floor area). The whole complex covers an area of 18,955 sq.m.  
Destination P.R.G. (General City Plan): industrial zone O for productive installations, for commercial activities, artisan and agricultural product transformation.

**REAL ESTATE COMPLEXES IN ITALY**

**GENOA**

**VIALEFRANCIA 1**  
Real estate complex "Torre Nord" ("station")  
Recent building (1990) "joint" ownership composed of 2 basement floors of approx. 5,000 sq.m., ground floor, garage and 24 elevated floors of which 7 (from 1st to the 7th) owned by third parties with autonomous access.  
The area being sold are composed of:  
• Offices approx. 28,500 sq.m. (from 9th to 24th floor)  
• Offices and commercial units approx. 5,000 sq.m.  
• Garage (over 300 car spaces) 7,700 sq.m.  
Destination P.R.G. (General City Plan): infrastructures for harbour station accessibility with the installation of administrative and commercial functions, where pertinent in zone X of PP of S. Belegno. The sale could concern the whole complex even through the acquisition of the stockholding package of the Company owning the real estate; that is, through the acquisition of one or more floors of the building.

**MILAN**

**CINQUELO BALSAMO**  
Complex composed of land divided in 3 lots. On lot A there are minor constructions, on lot B a building for office use, and lot C results empty. The whole complex covers an area of 15,600 sq.m.  
Destination P.R.G. (General City Plan): D3 zone, tertiary zone, with partial road area and zone AP, zone for municipal public equipment. at communal level. Art. 19, 24 N.T.A. (Technical Realization Rules).

**AREZZO**

**CORTONA**  
Real Estate Complex "Le Corti"  
Complex composed of 32 livable units typologically divided in 25 terraced villas and 7 independent apartments. Total 20,000 sq.m. Commercial area 7,572 sq.m.  
Destination P.R.G. (General City Plan): converted lodging, subject to approved variation (1° lot) 41,600 sq.m.

**NAPLES**

**NUOVO CENTRO DIREZIONALE**  
Via G. Pascoli, 4  
Tertiary destination building (party), composed of: level floor 8,00, ground floor, intermediate floor, 1st and 8th floor, attic with terraces. Total area of 5,043 sq.m.

**MONTE PRATO**  
Building complex composed of residential, tourist, sporting and agricultural equipment, distributed on a total surface of 420 hectares.

**LAND IN ITALY**

**NAPLES**

**VIA NUOVA POSSIDOREALE**  
Land 2,850 sq.m.  
Destination P.R.G. (General City Plan): A3 zone - building conservation with restructuring possibilities, equal to the existing volumes.

**AGNANO**  
Agricultural land 1,880 sq.m.  
Destination P.R.G. (General City Plan): H1 zone - integrated equipment park. Changes in progress: destination "Scientific and Technological purposes".

**REAL ESTATE COMPLEX IN SPAIN**

**SEVILLE**

**AREA EXPO'**  
Commercial building composed of basement floor, ground floor, three floors divided in four distinctive areas and an attic floor.  
Overall area 12,478 sq.m. Total covered usable area 7,404 sq.m.  
Destination P.R.G. (General City Plan): Carriage special plan 5/2/1993: the land on which the building is situated, is identified as a zone for advanced Technology and University research.  
The sale could concern the whole complex even through the acquisition of the stockholding package of the Company owning the real estate.

**REAL ESTATE IN ARGENTINA**

**Buenos Aires**

**Calle Florida, 1**  
Units in building complex for office use. 5th floor 255 sq.m.; 7th floor 524 sq.m.; parking space 14 sq.m.

Information can be obtained from IRITECNA S.p.A. in liquidation - Viale Liegi, 33 - 00198 ROME - ITALY

Tel. 0039-6-85242253 - Fax 0039-6-8416329

Please note that the sale of certain assets has been assigned, without exclusive rights, to specialized Agencies

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FT Surveys

## COMPANIES AND FINANCE: UK

## Exercise of unprecedented complexity

Christopher Brown-Humes takes a look behind the scenes at Norwich Union's flotation

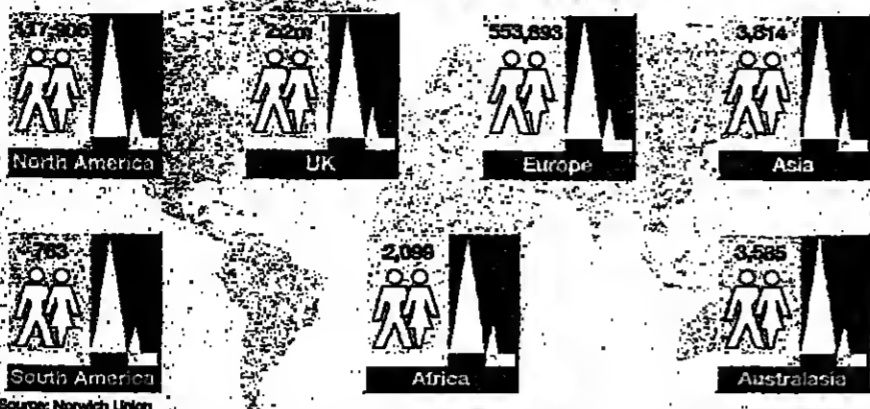
Imagine a big UK financial services group undergoing a pioneering demutualisation and flotation involving nearly 3m people.

Then assume the members live in 168 different countries. Add for good measure a big corporate restructuring and a £1.75bn (\$2.83bn) capital raising exercise and you can begin to understand why Norwich Union's £5bn flotation has been an exercise of unprecedented logistical complexity.

The plans should take a high step forward today when members at a meeting in London are almost certain to approve the June float. This brings nearer a pay-off worth an average of more than £1,000 for each member.

Norwich Union is not the highest participant in this year's demutualisation wave - that honour belongs to Halifax Building Society which has 8.5m members and will have a market value of about £12bn when it converts to a bank in June. But because it has 700,000 overseas customers with different types of policy - Halifax has fewer than 100,000 overseas customers - and because a complex internal restructuring of the group's

## Distribution of Norwich Union members



life and general insurance businesses is happening simultaneously, Norwich has faced special challenges. "The Halifax is bigger in terms of sheer numbers but Norwich has been more complex overall because of the overseas dimension," says Mr Nigel Morris, a director of Solid Solutions, who advised both groups on the logistics of their flotations.

Mr Tim Wiese, a director of Kleinwort Benson, the merchant bank advising Norwich Union, says the insurer differs from the converting building societies, including Halifax, in another respect.

"The reason we have faced so much uncharted territory is because Norwich Union is the first UK life insurer to demutualise and float. At least the building societies have had the example of Abbey National, which floated in 1989, to follow."

Norwich needed permission for its plans from insurance regulators in eight jurisdictions where it has branches, because its members in these territories were all entitled to windfall payments: these were the UK, France, Canada, Belgium, the Irish Republic, Isle of Man, Jersey and Guernsey.

120,000 Canadian policyholders and a separate vote; it also had to get new primary legislation passed in Jersey and Guernsey. In both cases, this was to comply with local laws.

There was also the question of dealing with policyholders in so many different countries, some in far-flung corners of the globe. Two French policyholders live in Laos, for example, while three Belgian ones live in Togo.

Tracking down some policyholders involved considerable effort as the insurer had 50,000 "lost" members. It relied on multiple mailings, use of electoral rolls and two tracking agents to reduce this figure to less than 10,000.

Operating across so many different countries helps explain why the total flotation costs rose to £120m, against the Halifax's £130m.

Not surprisingly, printing and postage posed particular headaches, as did language. The policyholder circular, which went out to members last month, was published in English, German, Flemish, French, Belgian French and Québécois.

Different combinations of country, type of policyholder

and language meant Norwich Union had a total of 87 different mailings to dispatch. Colour-coding ensured inserts tallied with envelopes.

There were also unexpected constraints. For example, a postmaster in Lille would only accept a 350,000 mailshot at an exact time on an exact date to match the date printed on envelopes several months in advance. "If we had been late, we would have had to reprint and restuff everything," said Mr Morris.

At least Norwich Union did not have to follow the converting building societies which, to meet legislative requirements, had to send all members highly-detailed documents about their plans and strategy. This meant its members received a 48-page policyholder circular, containing 460 tonnes of paper, against the 175-page Halifax transfer document which consumed 5,000 tonnes of paper and 30,000 trees.

As for hiccups, so far there have been remarkably few. But 300 French policyholders did hear about the flotation plans a day before everyone else last October, because a mailing went out 24 hours early by mistake.

## LEX COMMENT

## Fraser

Following three dismal years since flotation, House of Fraser looks finally to have turned the corner. This will come as welcome relief to shareholders who have gritted their teeth as the shares have stumbled along below their 180p issue price. Yesterday they finished at 165p. While any progress is welcome, it is too early to celebrate; the extent of HoF's problems defies any quick return to health. The main advance has been to produce a coherent strategy, centred on a better understanding of whom it is selling to. The thrust of focusing on margin gains rather than relying on improved sales looks correct. Indeed, sales are likely to be steady as HoF tries to curb its discounting habit. The trick will be to focus on selling more own-bought and private label goods where margins are better than with concession business. There is much to play for. Each percentage point rise in margins will lift profits by 16m; HoF's own-bought gross margins of 36 per cent should be 45 per cent or higher.

The acid test will be the autumn and winter ranges - the first evidence of the new strategy fully at work. Until such time the shares remain a speculative play, albeit made less risky by the generous provisions taken in these figures.

But if that hurdle is successfully cleared, and with huge efficiency gains still to be garnered in areas like distribution, investors will be entitled to wonder whether this is not another Next or Burton in the making.



## First valuations for Alliance

By Christopher Brown-Humes

The first valuations of Alliance & Leicester will emerge later today when institutions pitch for 9 per cent of the shares in the new bank in the first of three auctions.

The outcome will have a crucial bearing on the opening price of the shares on Monday when trading on the Stock Exchange begins.

Analysts expect the shares to open between 470p and 510p, which at the top end would give 2.2m people an average windfall worth £1,275 (\$2,065). This is well above the 385p to 435p price

range indicated last October when A&L published its transfer document.

The auctions, which are being run by Cazenove, are an innovative way of easing the flow of shares from the retail to institutional market. But some institutions are uncomfortable with the absence of a normal market making mechanism, which may lead them to stay on the sidelines in the first auction.

A&L members holding 157m shares, equal to 27 per cent, have said they want to sell immediately.

The first auction for 52.3m shares will be held tonight; the second and third on Monday and Tuesday.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend yield (%)	Total for year	Total last year
Abacus Research	6 mths to Dec 31	5.6 (2.89)	0.22 (0.11)	2.5 (0.8)	-	-	-	-
Action Computer	6 mths to Feb 28	80 (83.4)	2.3 (1.43)	4.3 (2.8)	1.5	June 17	-	-
Alfred Fisher	6 mths to Feb 28	669.6 (827.5)	19.1 (24.6)	1.57 (4.14)	1.85	July 4	1.85	3.75
BATM & S	Yr to Dec 31	9.75 (7.62)	3.04 (2.75)	10.58 (10.73)	5.025	June 18	5.025	-
Bank (Henry)	Yr to Dec 31	182.1 (173.2)	6.39 (6.89)	25.1 (23.6)	5.9	June 8	5.55	7.5
Bracebridge	Yr to Dec 31	0.139 (0.074)	0.163 (0.228)	1.05 (1.28)	-	-	-	-
BS&EA	6 mths to Dec 31	18.2 (20.4)	0.024 (0.133)	0.5 (0.9)	nil	-	nil	nil
Chesbrough Intl	6 mths to Dec 31	75.1 (33.3)	3.31 (2.01)	2.21 (2.4)	1	June 12	-	3
Egyptian Products	Yr to Dec 31	59.1 (60.5)	0.33 (0.21)	0.67 (0.5)	nil	-	1.1	0.57
Gallagher	Yr to Dec 31	32 (30.1)	3.9 (3.5)	13.6 (11.6)	2.84	June 28	2.84	4.24
Harwell Europe	Yr to Dec 31	67.7 (55.7)	6.9 (5.26)	14.6 (13.5)	2.85	July 8	2.4	3.6
House of Fraser	Yr to Dec 31	781.4 (748.9)	38.4 (4.3)	11.9 (5)	3.8	July 1	3.8	5.5
Intl Energy	Yr to Dec 31	72.2 (83)	5.53 (4.14)	8.26 (6.33)	3.4	July 1	2.9	4.45
Jacks (William)	Yr to Dec 31	108.3 (87.8)	1.21 (0.62)	6.35 (2.59)	1.25	July 4	1	1.75
Jackson	Yr to Dec 31	81.6 (78.6)	1.31 (1.11)	3.9 (3.2)	1.4	July 2	1.3	2.1
Laurel-Sum	Yr to Dec 31	7.92 (7.34)	0.30 (0.22)	0.61 (1.2)	-	-	-	-
Leisure	Yr to Dec 31	44.6 (31.5)	1.38 (0.78)	14.3 (7.3)	2.75	July 29	2.25	3.35
The Rank	53 wks to Feb 2	105.1 (98.6)	8.79 (7.93)	10.73 (8.87)	-	-	-	-
Investment Trusts	NAV (p)	Attributable Earnings (p)	EPS (p)	Current dividend (p)	Date of payment	Dividend yield (%)	Total for year	Total last year
Barclays British	3 mths to Mar 31	144.9 (141.94)	0.38 (0.455)	1.88 (2.22)	2.25	May 31	2.1	8.4
Barclays VCI	54 wks to Feb 28	101.5 (85.55)	0.88 (1)	3.48 (1)	1.7	May 30	3.2	-
MS Latin American	Yr to Feb 28	97.97 (79.53)	0.424 (0.299)	0.33 (0.21)	0.33	June 25	0.26	0.33
Murray Spill	8 mths to Feb 28	271.2 (233.75)	0.278 (0.416)	3.6 (5.2)	2.8	July 3	2.75	11.4
3i Smaller Listed	Yr to Feb 28	180.3 (180.4)	2.48 (1.72)	4.25 (5.09)	2.86	June 24	0.77	3.8

Earnings shown basic. Dividends shown net except where stated. Figures in brackets are for corresponding period. All in stock. After exceptional charge. After exceptional credit. 10m increased capital. SLS currency. \* Comparative restated. At December 31. S&A April 4. S&A August 31. \* Second interim; makes 5.8p to date. Excludes 0.74p special.

## Fraser signals reversed trend

By Peggy Hollinger

House of Fraser yesterday signalled a reversal of a trend which has hampered profits growth in recent years, by saying that sales of women's wear it buys itself had for the first time outpaced concessions in its department stores.

Mr John Coleman, chief executive of House of Fraser, said the group had "cleared out autumn and winter stock at the right time and brought in the spring range at the right time" which had helped to fuel strong growth in the ranges purchased by the group's own buyers. Typically these attract 20 per

cent more profit margin than the sales of women's wear made through concessions run by brand owners.

Mr Coleman's comments came as he reported an £800,000 increase in annual pre-tax profits before exceptional to £14.8m (\$24m). Exceptionals of £53.2m forced the group into a pre-tax loss of £38.4m. Sales rose by 4.3 per cent to £781.4m for the year to January 25.

Although confident of the outlook for the rest of the year, Mr Coleman cautioned that expectations should not rely too heavily on the outcome of a 10-week trading period. "It is still early days," he said.



## SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information  
P.O. Box 2500  
1211 Geneva 2, Switzerland

## DSM N.V. invites shareholders to Annual General Meeting

The DSM N.V. Annual General Meeting will be held at the company's head office at Het Overloon 1, Heerlen (Netherlands) on Wednesday, 7 May 1997 at 2 p.m.

## Agenda:

1. Opening
2. Annual report for 1996 by the Managing Board
3. Approval of the Financial Statements for 1996 and proposal by the Managing Board to pay out the final dividend of NLG 6.35 per ordinary share in cash or in shares, at the shareholder's discretion
4. (Re)appointment of a Supervisory Board member
5. Appointment of a Managing Board member
6. Proposal to extend the period during which the Managing Board is authorized to issue shares
7. Authorization of the company to acquire its own shares
8. Proposal to reduce the issued capital by cancelling shares. The aim of the proposed cancellation is to ensure that the increase in the number of issued shares resulting from the payment of a stock dividend and the execution of options granted to DSM's management will not have effects which DSM and its shareholders may consider undesirable.
9. Any other business
10. Closure

The agenda with notes, the Annual Report, the Financial Statements and other relevant documents are available for perusal at the company's head office and the deposit banks, where they can be obtained free of charge.

Deposit banks are:  
United Kingdom: SBC Warburg, 1 High Timber Street, London.  
Netherlands: ABN AMRO Bank N.V., Herengracht 595, Amsterdam.

Holders of bearer shares who wish to attend the meeting should deposit their share certificates with one of the above-mentioned deposit banks not later than Friday, 2 May 1997 against a receipt that they must be able to produce to gain admission to the room where the meeting will be held.

Holders of registered shares should inform the Managing Board of Directors of their intention to attend the meeting not later than Friday, 2 May 1997.

Identification should be made available upon request. The above also applies to those who derive the right to attend the meeting from their rights of usufruct or lien on shares.

Heerlen, 18 April 1997  
The Managing Board



DSM N.V., P.O. Box 6500, 6401 JH Heerlen (Netherlands)  
tel. (31) 45 5782864, fax (31) 45 5713747  
Internet: <http://www.dsm.nl>

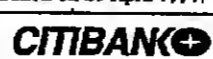
## Notice to the Bondholders of US\$120,000,000 Finance One Public Company Limited

2 per cent subordinated Convertible Bonds due August 31, 2001 (The "Bonds")

## Notice of Closed Period

NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds of Finance One Public Company Limited (the "Company"), in accordance with the Terms and Conditions of the Bonds, that the Annual General Shareholders' Meeting will be held on 28 April 1997 and the Closed Period, during which the Company shall close its shareholders' register, runs from 8 April 1997 up to 28 April 1997, and will resume normal registration on 29 April 1997.

Finance One Public Company Limited  
18 April, 1997



## ALLIANCE INTERNATIONAL HEALTH CARE FUND

société d'investissement à capital variable  
35, boulevard Prince Henri, Luxembourg  
RC Luxembourg B 25 105

## Notice of reconvened Extraordinary General Meeting of Shareholders

As the Extraordinary General Meeting of shareholders convened for March 26, 1997 was not able to deliberate and vote on the items of the agenda as a result of a lack of quorum, the shareholders of Alliance International Health Care Fund are hereby reconvened to an extraordinary general meeting which will be held in Luxembourg, 35, boulevard Prince Henri, on Monday, May 5, 1997 at 2.30 p.m. for the following purpose:

- To approve the change of the name of the Fund from Alliance International Health Care Fund into ACM International Health Care Fund and to amend article 1 section 1 of the articles of incorporation accordingly.

No quorum will be required but resolutions on the agenda of the extraordinary general meeting will be adopted if voted by two thirds (2/3) of shares present or represented.

By order of the Board of Directors

March 28, 1997

R.D. Senart  
Chairman

## INTERNATIONAL CAPITAL MARKETS

## BT adds \$500m to five-year issue

**INTERNATIONAL BONDS**  
By Richard Lapper,  
Capital Markets Editor

British Telecommunications yesterday took advantage of strong European demand for short and medium-term debt assets to increase the size of a five-year \$1bn issue launched last week. The \$500m increase makes it one of the highest corporate eurobonds ever issued.

Syndicate managers at Merrill Lynch, which led the deal alongside SBC Warburg, said demand for yesterday's additional amount was particularly heavy in Switzerland and the UK. Priced to yield 12 basis points over Treasuries, the spread narrowed to 9 basis points by late afternoon.

Elsewhere, a clutch of deals was launched with an

eye to the introduction of the single European currency in 1999. The European Investment Bank issued the first sterling bond with a clause allowing for its redenomination in euros should the UK adopt the single currency. Although bankers believe sterling is unlikely to participate in ERM from the start, BZW, the lead manager, said the provision, which was agreed with the Bank of England, was prudent given the 10-year maturity.

"No one really expects sterling to be in the single currency," said a syndicate official at another bank. "But who knows? The clause might become relevant in the next 10 years."

BZW said the launch was helped by the strength of sterling on the foreign exchange market, as well as

by the high level of UK yields compared with other European markets.

Mexico launched its first 20-year issue in lire, the longest yet in the currency by a Latin American borrower. Syndicate officials at Deutsche Morgan Grenfell said the issue was part of Mexico's strategy to diversify into European currencies other than the D-Mark ahead of Euro.

Priced at about 290 basis points over the lire swaps rate, the deal carries a coupon of 11 per cent. Mexico's existing 10-year lire issue, launched earlier this year, is currently trading at about 180 basis points over BTAs. Mexico is aiming to establish a yield curve in lire, against which the country's corporates would be able to price bond issues.

This currently consists of

## New international bond issues

Borrower	Amount	Coupon	Price	Maturity	Yield	Spread	Bookrunner
<b>US DOLLARS</b>							
British Telecom	500	6.75	96.32	Apr 2002	0.25%	+120bps	Merrill Lynch
Merrill Lynch & Co	250	7.25	96.32	May 2002	0.30%	+100bps	Merrill Lynch
Sunrise Bank	250	10.00	100.00	Apr 2002	0.25%	+100bps	Salomon Brothers
Waelles Finance Corp	200	7.25	95.50	May 2002	0.25%	+100bps	Salomon Brothers
<b>EURO</b>							
KW International Finance	250	4.75	96.32	May 2002	0.25%	+100bps	Deutsche Morgan Grenfell
City of Göttingen	250	4.75	96.32	May 2002	0.25%	+100bps	Deutsche Morgan Grenfell
Exide Holding Europe	175	5.125	95.57	Apr 2004	2.75	+100bps	Morgan Stanley
<b>YEN</b>							
European Inv Bank	500	7.875	96.16	Dec 2007	0.225%	+120bps	Barclays de Zonta Wied
<b>LIRES</b>							
United Mexican States	1000	11.00	100.00	May 2017	0.70%	+100bps	Deutsche Morgan Grenfell
Council of Europe	1000	11.00	100.00	May 2007	0.70%	+100bps	Deutsche Morgan Grenfell
<b>CANADIAN DOLLARS</b>							
Province of Manitoba	125	7.00	96.32	May 2007	0.35%	+100bps	CIBC Wood Gundy
<b>SEK</b>							
Kingdom of Sweden	150	10.00	100.00	Apr 2000	none	none	Argenta

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. 2 Floating-rate note. 3 Fixed-rate note. 4 Fixed-rate note with a 5-year step-up. 5 Fixed-rate note with a 5-year step-up. 6 Fixed-rate note with a 5-year step-up. 7 Fixed-rate note with a 5-year step-up. 8 Fixed-rate note with a 5-year step-up. 9 Fixed-rate note with a 5-year step-up. 10 Fixed-rate note with a 5-year step-up.

bonds by Pemex, the state-owned oil company, maturing in 1996 and 2004 and sovereign issues maturing in 2001 and - after yesterday's issue - 2017. Some 90 per cent of demand for the issue is expected to come from Italy. The remainder of the deal will be sold into Swiss and other European markets, with some demand

coming from specialist UK institutions.

Bankers have confirmed that Brazil will launch its expected parallel bond issue at the end of this month. The \$800m deal consists of three roughly equal tranches in Dutch guilders, Austrian schillings and French francs and will automatically be redenominated in the new

European currency, assuming monetary union goes ahead.

ING Barings, Creditanstalt and Paribas are joint leads, each in its own currency, and ING Barings is bookrunner. Separately, BNP Paribas is following the Mexican example by issuing a 20-year lire bond in the next few weeks.

## Italy and Spain lower on Emu doubts

**INTERNATIONAL BONDS**  
By Michael Lindemann  
in London and  
Richard Waters in New York

European bond markets had a mixed day, with Italy and Spain edging downwards on speculation that their membership of European monetary union might be delayed. Gilts and bunds headed upwards, helped by a buoyant US Treasury market.

Suggestions originally reported in the Italian press on Wednesday that Germany and France had struck a "secret deal" to delay Italy and Spain's entry into Emu were given further currency by Mr Hans Tietmeyer, the Bundesbank president.

Mr Tietmeyer said the key question in assessing whether a country should join the proposed single currency was the sustainability of its economic indicators. "What is important is that the situation should be sustainable," he said, presenting the Bundesbank's 1996 annual report.

Italian BTAs fell on worries that Italy might not be able to sustain its budget deficit and other Emu criteria. The June BTAs fell from 122.37 to 122.37, down 0.15. The 10-year yield spread of BTAs over bunds widened 4 basis points to 175 points.

Spanish bonds also edged lower. The June bond future settled 0.09 down at 113.70. Bonds' 10-year yield spread

over bunds also widened 4 basis points, but is, at 102 points, still significantly lower than Italy's. Given that the latest reports suggest Spain's Emu entry will also be delayed, Mr Tietmeyer, fixed income strategist at Merrill Lynch, suggested switching from bonds to BTAs.

German bunds were helped by the weaker than expected Ifo business sentiment survey for March. The index had been expected to rise towards 94 points, but instead fell to 92.4 points. In London the June 10-year bond future settled 0.29 higher at 100.93.

A fall in March inflation data helped UK gilts upwards early yesterday, a

rise that was compounded later in the day by a fall in the Philadelphia Federal Reserve Bank's business activity index. The June long gilt future gained 1/8 to close at 110 1/8.

US Treasury prices recovered on new indications that US economic growth was moderating.

Prompting the rise, which took the yield on the long bond back almost through the 7 per cent barrier, was the Philadelphia Federal Reserve Bank's index of business activity. The overall index of general business conditions fell to 5.7 in April from 21.1 in March and 17.4 in February, pointing to a slowdown in the US manufacturing sector.

The bond market's enthusiasm was tempered, however, by an unexpected jump in the prices paid component of the index, which rose to 19.9 from 13.3. The Philadelphia Fed's report is a prelude to the more widely followed NAMP report, to be released on May 1.

A rise in weekly unemployment claims also supported the Treasury market yesterday. Initial claims for the latest week were 332,000, the highest since January.

The reports fuelled another rally in bond prices, with the 30-year Treasury rising 1/8 by lunchtime in New York, to 94 1/8, taking the yield down to 7.03 per cent. Among shorter-dated securities, the two-year note was

up 1/8 at 99 1/8, to yield 6.38 per cent.

The London International Financial Futures and Options Exchange yesterday resumed trading in its futures and options on German bunds, after changing the contract's specifications, writes Samer Iskander.

Life last weekly suspended Bund futures maturing in December, after the Bundesbank decided to modify the structure of 10-year bunds. New 10-year bunds deliverable against Life's contract will from this month be issued with maturities of slightly over 10 years. Life has modified its bund future to accept delivery of bunds with maturities of 8.5-10.5 years.

## Low-quality debt market seen closer

By Samer Iskander

The successful launch yesterday of the second European high-yield bond issue was hailed by bankers as a significant step towards a liquid market for low quality corporate debt.

Exide Holding Europe, a wholly-owned subsidiary of Exide Corp, the world's largest manufacturer of automotive and industrial batteries, raised DM175m in a seven-year bond issue aimed mainly at European investors, who took up about 80 per cent of the total. The remaining 20 per cent was sold to US institutional investors under Rule 144a of the Securities and Exchange Commission.

"What we have seen so far is only the tip of the iceberg that this market can become," said Mr John Wotowitz, an executive director at Morgan Stanley in London, which led the issue. "The number of issues could easily double next year," from about 10 deals worth almost \$1bn expected this year.

The bonds were priced to yield 375 basis points over the 7-year benchmark bund, at the tightest and of the announced range of 375-400 basis points. "This reflects the strength of demand that we met," Mr Wotowitz said. The amount was more than twice oversubscribed, allowing the Exide to lift the issue from the initial DM150m.

The bonds are rated B1 and B2 respectively by Moody's and Standard & Poor's, the US rating agencies. These ratings place the securities in the high-risk speculative category.

Exide will use the proceeds of the issue to cut existing bank debt. A small part of the funds will also finance the purchase of a small European competitor.

Although the bonds' interest cost will not be lower than that of the bank debt, the company believes it will gain in terms of flexibility. The so-called "bullet" structure of the bonds, whereby the principal is entirely redeemed at maturity, removes the pressure associated with the gradual amortisation typically associated with bank loans. Morgan Stanley also pointed out that bond covenants are usually less constraining than conditions imposed by lending banks.

"We have known for years that there is strong demand for high yield/high risk bonds in Europe," said one banker in London.

Morgan Stanley said it had been selling US-listed high-yield bonds to European investors for nine years.

The first European high-yield bond was launched last week by Geberit International, the Swiss sanitary technology firm recently acquired by UK venture capital firm Doughty Hanson.

Some bankers have said a liquid high-yield market in Europe could change the way mergers and acquisitions are conducted. Providers of mezzanine finance, a form of long term private capital that is less dilutive than equity, could suffer a decline in activity. Vantage Capital, a US venture capital firm, who typically assume a managerial role in exchange for their participation, could also suffer.

## WORLD BOND PRICES

## BENCHMARK GOVERNMENT BONDS

Coupon	Red	Price	Day's	Yield	Week	Month
			change		change	change
Australia	6.750	110.09	93.0957	+0.150	7.79	7.79
Austria	5.750	04.07	95.3530	+0.250	5.52	5.52
Belgium	6.250	03.07	102.2500	-0.180	5.94	6.03
Canada	7.000	12.06	102.3500	+0.260	6.86	6.86
Denmark	8.000	03.08	109.8000	+0.140	6.54	6.53
France	4.750	02.08	102.3530	+0.140	4.78	4.81
Germany	5.500	04.07	96.4300	-0.030	5.71	5.79
Italy	6.000	01.07	101.4300	-0.380	5.80	5.92
Japan	8.000	09.08	109.0000	+0.300	6.87	6.83
Netherlands	6.750	02.07	95.3530	-0.020	7.49	7.56
Portugal	6.500	09.08	120.3541	-0.030	1.41	1.44
Spain	5.750	02.07	105.8724	-0.190	2.16	2.15
Sweden	6.750	02.08	102.3530	+0.140	6.54	6.53
UK Gilt	7.250	03.07	103.5600	-0.180	6.83	6.91
US Treasury	7.000	04.06	106.2000	-0.030	6.09	6.10

London clearing, New York mid-day. Yields Local market standard. 1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## US INTEREST RATES

Rate	One month	Three months	Six months	One year	Two years	Three years	Five years	Seven years	Ten years
Prime rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Federal funds rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
90-day T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
1-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
2-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
3-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
5-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
7-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
10-year T-bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

## BOND FUTURES AND OPTIONS

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	128.58	128.58	-0.12	128.58	128.44	178,500	163,878
Sep	127.42	127.28	-0.10	127.40	127.28	881	5,201
Dec	97.34	96.90	-0.12	97.40	97.31	2	-

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## GERMANY

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	101.03	100.93	+0.29	101.14	100.80	253,740	259,890
Sep	99.99	99.92	+0.10	100.07	99.84	569	7384

## UK GILTS PRICES

Notes	Yield	Price	Yield	Price	Yield	Price	Yield	Price	Yield	Price
Short (less than 1 year)	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
1 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
2 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
3 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
4 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
5 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
6 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
7 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
8 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
9 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00
10 year	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00	7.00	101.00

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## BUND FUTURES OPTIONS (LIFE) DM250,000 points of 100%

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	128.58	128.58	-0.12	128.58	128.44	178,500	163,878
Sep	127.42	127.28	-0.10	127.40	127.28	881	5,201
Dec	97.34	96.90	-0.12	97.40	97.31	2	-

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## ITALY

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	128.58	128.58	-0.12	128.58	128.44	178,500	163,878
Sep	127.42	127.28	-0.10	127.40	127.28	881	5,201
Dec	97.34	96.90	-0.12	97.40	97.31	2	-

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## SPAIN

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	113.98	113.70	-0.08	114.04	113.52	75,061	70,616
Sep	112.94	112.84	-0.14	113.00	112.70	3	-

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## EURO

Contract	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Jun	95.02	94.94	-0.12	95.02	94.50	1,005	8,570
Sep	94.48	94.29	-0.12	94.48	94.08	1	-

1/8 basis points including withholding tax at 12.5 per cent payable by nonresident. Prices US \$100 in 2000, others in local currency. Source: Reuters

## US

Sep	108-27	110-00	+0-15	110-02	108-27	39	2875	
■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 84ths of 100%								
Strike	CALLS			PUTS				
Price	May	Jun	Jul	Sep	May	Jun	Jul	Sep



# Zaire mines privatisation put in doubt

By Mark Ashurst  
in Johannesburg

The privatisation of Zaire's mining industry has been thrown into confusion by the advance of rebel forces, in spite of a promise from Mr Laurent Kabila, the rebel leader, to continue the process begun by sacking President Mobutu Sese Seko.

The largest South African mining houses, which have dominated the bidding for Zaire's mining and mineral assets, said yesterday they had been assured by both sides in the conflict that the process was on track.

But an announcement this week that American Mineral Fields had clinched a \$1bn backdoor deal with the rebel forces to develop new projects at Kibishi, Kolwezi and Kapushi has helped to reignite claims and disappointed rival bidders.

AMF appears to have wrong-footed its South African rivals - Anglo American, Gencor, JCI and Iscor - by making an offer directly to the rebel forces. All five groups had submitted tenders to the government, the Zairean parastatal which is managing the privatisation process, by April 1.

"The tender process has not been followed... contrary to the initial impression given by Kabila," said Mr Gavin Turner, senior manager of new business development at Gencor. "It is the pattern for the future, it doesn't bode well for the business climate in Zaire."

AMF is understood to have agreed a joint venture with Gecamines to recover copper cobalt from the Kolwezi tailings retreatment project, and to build a new zinc plant at Kapushi with a 200,000-tonne capacity. AMF will hold 51

per cent of the project, and Gecamines 49 per cent.

But other mining groups said it was not clear that the deal announced on Wednesday by Mr Jean-Ramonde Boule, AMF chairman, and Mr Mwana Nanga Mawampanga, the US-trained rebel finance commissioner, was final.

Anglo American, in Johannesburg, said Gecamines had confirmed that "tenders submitted by South African mining companies are still under consideration and no final evaluations have been made". Anglo had "not been able to establish what has happened".

Analysts said Mr Boule was in Zaire, and that there were unconfirmed reports that he had loaned a private jet to Mr Kabila and contributed to \$20m to the rebel war effort. Zaire currently exports about 5,000 tonnes of cobalt per year, or about one fifth of the world market. At its peak in the early 1980s, Zaire exported about 15,000 tonnes annually.

Mr John Clemmow, analyst at Investec in Johannesburg, said Mr Boule had "gone beyond copper and cobalt" and suggested he could challenge De Beers in the Zaire diamond market. "If he achieves this goal, De Beers/Anglo may well have to cut a deal with Mr Boule and AMF," said Mr Clemmow.

Mr Mwana said earlier this week that the rebels would not support a monopoly in the local diamond market. De Beers has an indirect stake in Société Minière de Bakwanga (Miba), Zaire's biggest single producer of diamonds, through its 20 per cent interest in Sibeka of Belgium. Sibeka owns 20 per cent of Miba, with the balance held by the state.

# Battle for oil licences seen growing

By Robert Corzine

The growing number of publicly listed oil and gas companies from developing countries is expected to lead to intensified competition for licences in the world's most promising exploration areas.

A report from Robert Fleming, the London securities house, suggests that the number of quoted emerging market oil and gas companies could double over the next two or three years to between 50 and 60 as a

result of continuing privatisation and industry restructuring in many countries.

Although most will remain focused on their domestic markets, a number are expected to expand internationally, especially in upstream areas where they perceive an advantage over their counterparts from the industrialised west.

Mr Alan Marshall, Fleming's oil analyst, said some were likely to emulate companies such as Petronas

of Malaysia, which has used religious connections and Kuala Lumpur's diplomatic relationships to help secure exploration or development acreage in other Islamic or developing countries.

The report also suggests that the trend towards privatisation and energy market liberalisation is likely to stimulate the growth of oil and gas reserves and production in those countries undertaking fundamental reforms, such as Brazil and India. Fleming says emerging market

oil companies - which currently have a combined market capitalisation of about \$90bn - could become attractive alternative investments to the traditional western integrated oil companies and independents.

Although the technical prowess of emerging market companies varies widely, industry analysts say that should not pose a big obstacle to their international expansion, as most exploration and production services are widely available from the oil service sector.

# Copper price 'may fall 20%' by 1998

By Michael Peel  
and Maggie Urry

Rising stocks of copper could cause its price to fall by a fifth in the next 18 months, according to a survey published yesterday by the Economist Intelligence Unit. The report says that the size of the price cut will depend on how much of the surplus stocks are bought by China. If that country buys no more copper, then prices could fall from the current 110 cents a lb to 90 cents or lower.

The forecast is part of the EIU's quarterly look at commodity prices, which concludes that its index of 24 world commodities will fall 3 per cent this year compared

with a 2.5 per cent decline in 1996.

Aside from copper, this year's expected price weakness is based on lower prices of soft commodities and a "chronic over-supply" of crude oil.

The unit expects its industrial raw materials index, a basket of nine hard non-oil commodities, to rise 3.4 per cent this year, down from its previous forecast of a 4.9 per cent increase.

The report attributes the changed forecast largely to the substantial fall in rubber prices in the past six months.

The decline in price resulted from an "unexpectedly large" increase in rubber output

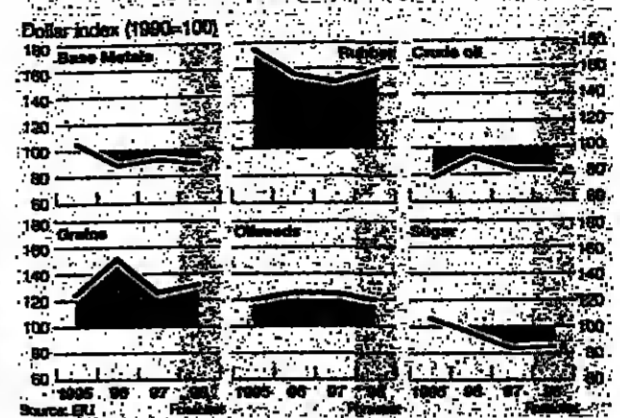
which was not met by demand.

In soft commodities, the EIU forecasts a 6.5 per cent fall in its index, reversing the gains of 1996.

Lower grain prices, after last year's mid-year surge, will be the main feature. Even though wheat prices fell sharply in the second half of the year, 1996 still showed a 16.9 per cent increase in dollar prices. A 15.2 per cent decline is forecast for 1997, followed by a small rise in 1998.

The EIU expects that last year's volatility will have changed agricultural policy in grain importing countries, with farmers there urged to grow more. Meanwhile oilseed prices

## Commodity price index



are expected to be flat in 1997 and to weaken in 1998 as sharp rises in 1996 and 1997 work through to increased production and lower demand.

In the US, farmers have switched from wheat to oilseeds in the wake of "freedom to farm" legislation passed last year. Sugar prices, down 10 per

# Oil supported by prospect of US chill

MARKETS REPORT

By Gary Mead  
and Robert Corzine

The prospect of several days of below-normal temperatures in the north-east US helped underpin world oil prices yesterday.

Brent Blend for June delivery was quoted at about \$17.81 a barrel in late London trading - 6 cents up on Wednesday's

close of \$17.81 - although Brent had earlier fallen to \$17.66 a barrel.

The US region's reliance on large amounts of fuel oil during prolonged periods of cold weather can make it a big factor in setting wider crude prices.

But traders did not expect the current cold snap in the north-east to have more than a temporary impact on crude oil prices, which have

steadily weakened over the past two months or so because of a relatively mild winter and spring in the northern hemisphere and rising production in many parts of the world.

On the London Metal Exchange trading of all base metals was lethargic. The three-month contract for copper staged an early recovery in the morning - achieving a peak of \$2.80 -

before backsliding and ending \$4 up at \$2.80.

Copper traders seemed underpinned by the threat of a strike starting today at the Escondida copper mine in Chile, the world's biggest, which accounts for 9.5 per cent of the western world's output.

Escondida yesterday reported output up sharply in the first quarter of the year, from 175,541 tonnes to

209,121 tonnes year-on-year.

Elsewhere, confusion persisted over the possibility of resumed Russian exports to Japan of palladium. Mr Anatoly Chubais, first deputy prime minister and finance minister, said Russia needed an "emergency revenue programme" and implied precious metals would figure in an effort to raise the equivalent of \$5bn. Palladium rose \$2.50 an ounce, to \$154.25.

# Russia to lift titanium exports

By Gary Mead

Russia plans to increase exports of titanium by more than 25 per cent this year, according to Mr Yuri Yurkov, a manager of the joint stock company VSMPO, which produces 85 per cent of the country's titanium.

Mr Yurkov told a meeting of Japanese titanium users in Tokyo yesterday that VSMPO intended its titanium sales to grow from 7,100 tonnes in 1996 to 9,000 tonnes this year. Some 11,000 tonnes of the metal would be produced this year, he added, an increase of 15.8 per cent from 1996. Titanium production in Russia has slumped from as much as 100,000 tonnes a year at the height of the cold war; domestic Russian consumption is now about 2,000 tonnes annually.

Russia is the world's biggest producer of titanium, a light yet strong metal which is highly resistant to corrosion. The world's market for the metal is quite small, with total world output of 44,000 tonnes a year. Last year about 60 per cent of VSMPO's titanium exports went to the US and 26 per cent to Europe. An estimated 70 per cent of the metal is used in aerospace production.

Much of the additional exports from Russia were likely to be taken up by Boeing, the US aerospace group, specialists said. One US analyst said yesterday: "It's my understanding that Boeing has been seeking to buy large quantities direct for three years, as US mills are increasingly unable to keep up with demand."

Mr Yurkov said yesterday that VSMPO was now Boeing's main titanium supplier, and also one of the leading sources of the metal for Airbus Industrie.

## COMMODITIES PRICES

### BASE METALS

#### LONDON METAL EXCHANGE

(Prices from Antagonized Metal Trading)

■ ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close 1515.5-6.5 1550-5.5

Previous 1515-16 1550-51

AM Official 1518-9 1553-3.5

Kerb close n/a

Open int. n/a

Total daily turnover n/a

■ ALUMINIUM ALLOY (\$ per tonne)

Close 1410-20 1440-45

Previous 1415-25 1445-50

AM Official n/a

Kerb close 1418-21 1447-9

Open int. n/a

Total daily turnover n/a

■ LEAD (\$ per tonne)

Close 634-5 639-40

Previous 632-33 640-41

AM Official 634-5 639-45

Kerb close n/a

Open int. n/a

Total daily turnover n/a

■ NICKEL (\$ per tonne)

Close 7190-78 7275-80

Previous 7165-75 7250-85

AM Official 7205-10 7316-7

Kerb close n/a

Open int. n/a

Total daily turnover n/a

■ TIN (\$ per tonne)

Close 9615-20 9670-75

Previous 9605-75 9715-20

AM Official 9625-30 9675-80

Kerb close n/a

Open int. n/a

Total daily turnover n/a

■ ZINC, special high grade (\$ per tonne)

Close 1229-30 1247-48

Previous 1224-25 1247-48

AM Official 1221-2 1243-4

Kerb close n/a

Open int. n/a

Total daily turnover n/a

■ COPPER, grade A (\$ per tonne)

Close 2301-5.5 2396-7

Previous 2300-09 2271-72

AM Official n/a

Kerb close 2303-4 2366-9

Open int. n/a

Total daily turnover n/a

■ LME ALUMINUM 3/6 ratio: 1.6288

LME Closing 3/6 ratio: n/a

Sept 1:613.3 ratio 1:620.6 ratio 1:624.9 ratio 1:627

■ HIGH GRADE COPPER (COMEX)

Close 105.25 -0.05 105.70 105.40

Previous 105.25 -0.05 105.70 105.40

Jan 105.10 -0.05 105.30 105.10

Feb 104.95 -0.05 105.10 104.95

Mar 104.80 -0.05 105.00 104.80

Apr 104.65 -0.05 104.85 104.65

May 104.50 -0.05 104.70 104.50

Jun 104.35 -0.05 104.55 104.35

Jul 104.20 -0.05 104.40 104.20

Aug 104.05 -0.05 104.25 104.05

Sep 103.90 -0.05 104.10 103.90

Oct 103.75 -0.05 103.95 103.75

Nov 103.60 -0.05 103.80 103.60

Dec 103.45 -0.05 103.65 103.45

Jan 103.30 -0.05 103.50 103.30

Feb 103.15 -0.05 103.35 103.15

Mar 103.00 -0.05 103.20 103.00

Apr 102.85 -0.05 103.05 102.85

May 102.70 -0.05 102.90 102.70

Jun 102.55 -0.05 102.75 102.55

Jul 102.40 -0.05 102.60 102.40

Aug 102.25 -0.05 102.45 102.25

Sep 102.10 -0.05 102.30 102.10

Oct 101.95 -0.05 102.15 101.95

Nov 101.80 -0.05 102.00 101.80

Dec 101.65 -0.05 101.85 101.65

Jan 101.50 -0.05 101.70 101.50

Feb 101.35 -0.05 101.55 101.35

Mar 101.20 -0.05 101.40 101.20

Apr 101.05 -0.05 101.25 101.05

May 100.90 -0.05 101.10 100.90

Jun 100.75 -0.05 100.95 100.75

Jul 100.60 -0.05 100.80 100.60

Aug 100.45 -0.05 100.65 100.45

Sep 100.30 -0.05 100.50 100.30

Oct 100.15 -0.05 100.35 100.15

Nov 100.00 -0.05 100.20 100.00

Dec 99.85 -0.05 100.05 99.85

Jan 99.70 -0.05 99.90 99.70

Feb 99.55 -0.05 99.75 99.55

Mar 99.40 -0.05 99.60 99.40

Apr 99.25 -0.05 99.45 99.25

May 99.10 -0.05 99.30 99.10

Jun 98.95 -0.05 99.15 98.95

Jul 98.80 -0.05 99.00 98.80

Aug 98.65 -0.05 98.85 98.65

Sep 98.50 -0.05 98.70 98.50

Oct 98.35 -0.05 98.55 98.35

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Dec 98.05 -0.05 98.25 98.05

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Feb 97.75 -0.05 97.95 97.75

Mar 97.60 -0.05 97.80 97.60

Apr 97.45 -0.05 97.65 97.45

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Jun 97.15 -0.05 97.35 97.15

Jul 97.00 -0.05 97.20 97.00

Aug 96.85 -0.05 97.05 96.85

Sep 96.70 -0.05 96.90 96.70

Oct 96.55 -0.05 96.75 96.55

Nov 96.40 -0.05 96.60 96.40

Dec 96.25 -0.05 96.45 96.25

Jan 96.10 -0.05 96.30 96.10

Feb 95.95 -0.05 96.15 95.95

Mar 95.80 -0.05 96.00 95.80

Apr 95.65 -0.05 95.85 95.65

May 95.50 -0.05 95.70 95.50

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Oct 94.75 -0.05 94.95 94.75

Nov 94.60 -0.05 94.80 94.60

Dec 94.45 -0.05 94.65 94.45



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[illegible]

Foreign Exchange	47.5	1.4	50
Warrants	5.5	1.4	50
Foreign UK Govt	33.5	1.4	50

[illegible]

Robert Spangler Corp. 2 108

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4	Total Office Exp	168	---	158	150	218	3.9	10
	Insurance Prod Network	120	---	185	16	---	---	---

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Symbols indicating dividend status appear in the notes column.

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## LONDON STOCK EXCHANGE

## UK equities reluctant to follow Wall St lead

## MARKETS REPORT

By Steve Thompson,  
UK Stock Market Editor

There was no let-up in the London equity market's stubborn refusal to get too excited by the latest domestic economic news, which showed a downturn in UK inflation, or the latest upsurge on Wall Street.

The domestic fund management groups simply refused to be drawn into chasing UK shares higher with the general election getting ever closer and the prospect of a rise in UK interest rates shortly afterwards.

Although an instant post-elect-

tion interest rate rise is not seen as a certainty, few economists expect rates to remain on hold for long after the election result. Certainly, in the event of a Labour victory, a rise of 50 basis points is already pencilled in the latest following the scheduled June 10 mini-budget.

The inflation figures were slightly better than expected, the headline figure coming in up 0.3 per cent at 2.6 per cent on the year and the core number up the same at 2.7 per cent for the year.

Economists refused to get carried away by those numbers, insisting that they had been helped by weakness in food prices which accounted for all

the 0.2 per cent fall in the RPI-X annual rate. As Mr Simon Briscoe at Nikko Europe put it: "It is a case of vegetables saving Clarke's bacon."

Dealers said it was becoming increasingly clear that it would take something special to budge the London market from its pre-election lethargy. Marketmakers insist there is very little downside pressure on share prices, but the institutions are not interested in buying the market so close to the election.

Sterling was not helping either, with the Bank of England's sterling exchange rate index moving back up to the 100 level.

The FTSE 100 index made a

token effort to move higher, and drove through the 4,300 level before losing momentum and slipping back into the red and stabilising before the close.

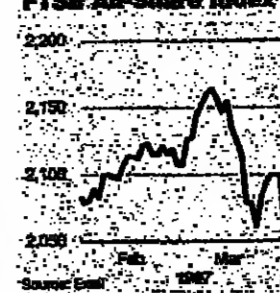
The index finished a net 4.3 firmer at 4,298.9. Second-liners struggled, the FTSE 250 finishing 0.3 ahead at 4,524.9, while the SmallCap index rose 1.7 to 2,298.4. Mr Richard Jeffrey, group economist at Charterhouse, the merchant bank, adopted a hard line on interest rates after the inflation news saying: "The message for the next government is simple - base rates will have to go up, and faster than the markets are currently anticipating."

Wall Street continued its astonishing recovery after last Friday's 148-point retreat on the Dow Jones Industrial Average. It shot up a further 92 points overnight, producing a near-300 point rise over the past three sessions and was up a further 32 points an hour after London closed.

The market's firm showing yesterday was not, sadly, accompanied by any big upturn in customer business. Turnover at 5pm finished at 687.4m shares, with activity in non-FTSE 100 issues just outpacing the leaders.

The day's big individual stories included further heavy two-way activity in BAT and the start of the big share buy-back operation in LucasVarity.

## FTSE All-Share Index



## Equity shares traded



## Indices and ratios

FTSE 100	4298.9	+4.3	FT 30	2834.1	-2.7
FTSE 250	4524.9	+0.3	FTSE Non-Fin p/e	18.13	18.20
FTSE 350	2117.7	+1.7	FTSE 100 P/B Jun	4915.0	+4.0
FTSE All-Share	2089.0	+1.6	10 yr GR yield	7.32	7.58
FTSE All-Share yield	3.66	3.66	Long gilt/10yr yield ratio	2.05	2.08

## Best performing sectors

1 Distributors	+0.9	1 Health Care	-0.7
2 Gas Distribution	+0.7	2 Diversified Inds	-0.7
3 Building Materials & Mech	+0.6	3 Engineering & Vehicle	-0.6
4 Electronic & Elect Eq	+0.5	4 Extractive Inds	-0.6
5 Building & Cons	+0.4	5 Oil Exploration & Prod	-0.8

## FUTURES AND OPTIONS

## ■ FTSE 100 INDEX FUTURES (LFFE) 25¢ per full index point (APF)

	Open	Sell price	Change	High	Low	Est. vol	Open Int
Jun	4320.0	4317.0	+0.0	4334.0	4300.0	5991	60434
Sep	4340.0	4342.0	+0.0			0	2901

## ■ FTSE 250 INDEX FUTURES (LFFE) 10¢ per full index point

	Open	Sell price	Change	High	Low	Est. vol	Open Int
Jun	4535.0	4530.0	-5.0	4536.0	4530.0	70	4841

## ■ FTSE 100 INDEX OPTION (LFFE) 4298.9 £10 per full index point

	4100	4150	4200	4250	4300	4350	4400	4450
C	100	100	100	100	100	100	100	100
P	100	100	100	100	100	100	100	100
C	100	100	100	100	100	100	100	100
P	100	100	100	100	100	100	100	100
C	100	100	100	100	100	100	100	100
P	100	100	100	100	100	100	100	100
C	100	100	100	100	100	100	100	100
P	100	100	100	100	100	100	100	100

## ■ EURO STYLE FTSE 100 INDEX OPTION (LFFE) £10 per full index point

	4125	4175	4225	4275	4325	4375	4425	4475
Apr	177	177	177	177	177	177	177	177
May	177	177	177	177	177	177	177	177
Jun	177	177	177	177	177	177	177	177
Jul	177	177	177	177	177	177	177	177
Aug	177	177	177	177	177	177	177	177
Sep	177	177	177	177	177	177	177	177
Oct	177	177	177	177	177	177	177	177
Nov	177	177	177	177	177	177	177	177
Dec	177	177	177	177	177	177	177	177

## LONDON RECENT ISSUES: EQUITIES

Issue	Price	Alt.	Mid.	Cap.	1997	Low	High	Stock
1000 F.P.	25.0	100	100	100	100	100	100	100
1000 F.P.	25.0	100	100	100	100	100	100	100

## TRADING VOLUME

Vol.	Chng	Day's
1000	1000	1000

## Boost for Lloyds

By Peter John  
and Joel Kibazo

Banking stocks were traded with one very focused eye on the flotation of the Alliance & Leicester Building Society which gets under way with an auction today.

There was growing sense of malaise over the issue and a sense that any fund-needing exposure to the sub-sector would be better off building weightings in Abbey National and Lloyds TSB.

Abbey National is the purest building society play, although with the shares only 10 off their all-time closing peak they remained steady at 790½p. Lloyds, which peaked recently at 831p, added 5½p to 819½p yesterday.

As for the Alliance the consensus price in the unofficial grey market quoted by financial bookmakers IG index was between 49p and 50p yesterday.

Nevertheless, that includes a premium of up to 50p, which reflects a possible bid and the scarcity value of the stock to institutions which need to achieve a full weighting. With takeover hopes fading in some quarters and the Alliance releasing more stock than previously expected that premium could fade quite sharply.

Selected utilities traded cautiously as one of the big

US hrokers tempered its enthusiasm.

Goldman Sachs produced an in-depth review of the sector in which it pointed out that "recent share price performance has closed the gap between current price and our fair-value targets". Analyst Mr Philip Green was actively marketing his views to US investors yesterday.

He moved his sector stance from "overweight" to "moderately overweight" and, specifically, turned more cautious on Scottish Hydro-Electric which fell 3 to 389p as he reduced his recommendation to "market performer" from "market outperformer" following a strong performance.

Mr Green went more positive on British Energy and raised his target on the fully paid shares to 242p from 230p. The partly paid shares eased to 133½p. Goldman's principal buy remains The Energy Group, but the shares drifted 4 to 496p on general profit-taking.

The company surprised the market on Tuesday with plans for a larger-than-expected £150m share buy-back and dividend programme. LucasVarity said it would be buying back around 3 per cent of its issued share capital.

There had been hints in the market late on Wednesday that ABN Amro Hoare Govett, one of the company's two joint brokers, had

been in the market shopping for stock. However, the company indicated it was unable to comment on the rumours at that stage.

Confirmation of the repurchase, representing some 0.7 per cent of the company's share capital, came early in the day. The company had paid 198p a share for the stock from ABN Amro Hoare Govett and specialists suggested they expected further buying from the company before it goes into closed season at the end of this month.

However, doubts about the company's strategy remain, and bearish opinion on the stock continued to exact a toll on shares. They fell another 3 to 139½p with one analyst saying: "I am not sure that the LucasVarity can afford the plans it laid out this week."

Turnover at the end of

the session stood at 14m. Prudential picked up after a strong first-quarter new business report from the insurance group, but lost ground later to end the day only a penny higher at 588½p. The Pru said worldwide single-premium sales were up 22 per cent in the first quarter of 1997 and its regular premium sales up 17 per cent.

Legal & General, up 6 at 388, was helped by the Pru statement which earlier in the week overreacted to news that its chief executive had sold 137,500 shares.

Dealers were keeping a close eye on engineering company Turpin Group. Minutes before the market closed, it was announced that Mr David Abell, former chairman of the conglomerate Sater, now has a declared interest in Turpin Group of 3.03 per cent.

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## FT 30 INDEX

	Apr 17	Apr 16	Apr 15	Apr 14	Apr 11	Yr ago	'High	'Low
FT 30	2834.1	2836.6	2833.1	2813.3	2820.0	2847.1	2881.4	2668.8
Ord. div. yield	3.92	3.92	3.93	3.96	3.94	3.98	4.22	3.7
P/E ratio not	16.94	16.93	16.90	16.76	16.83	16.83	18.09	15.8
P/E ratio nil	16.76	16.76	16.73	16.59	16.66	16.10	17.87	15.7

Highs & Lows shown on a 52 week basis

Highs & Lows shown on a 52 week basis

<http://www.rockwell.com>

**US INDICES**[illegible]

4 pm close April 17

## NEW YORK STOCK EXCHANGE PRICES

1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	99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**NASDAQ NATIONAL MARKET**

St. F. St.

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85	2 $\frac{1}{2}$	2	2 $\frac{1}{2}$	+1 $\frac{1}{2}$

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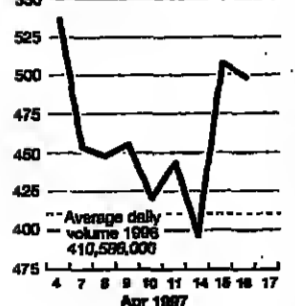
FF16.5	0
US\$24.625	+0.25

5	0	11.375	0
+0.125	0	6.25	4.125

## Dow climbs back above 6,700 level

US share prices continued their powerful rebound into a fourth day as concerns about a further rise in US interest rates continued to ebb, writes Richard Waters in New York.

This time, however, the gains were more widely spread, rather than being



limited to the blue-chip stocks that make up the Dow Jones Industrial Average. In particular, a bounce in high-tech stocks, after a recent sell-off, enabled the Nasdaq composite to regain lost ground.

By lunchtime, the Dow had risen back through the 6,700 barrier for the first time in three weeks, having advanced 26.9 to 6,706.77. That was some 5 per cent above the point at which it ended last week.

The Nasdaq composite, meanwhile, gained 11.88, or nearly 1 per cent, to 1,223.15, and the Standard & Poor's 500 rose 3.88 to 767.41. Yesterday's gains came on the back of a further rally in the Treasury bond market, which saw long-term bond yields fall close to 7 per cent.

Among tech stocks, Intel continued its rally of recent days rising \$3 to \$137. Microsoft, due to release quarterly

results after the stock market closed, was \$1 higher at \$99.

Financial services companies, representing another sector which had led the market higher before falling heavily out of favour in recent weeks, also rebounded. Citicorp was up \$2% at \$107.4, while Chase Manhattan rose 1% to \$91.1. Philip Morris, the most heavily traded company on the New York Stock Exchange during the morning, gave up some of the gains recorded the day before, when news of a possible deal to relieve tobacco companies of their potential legal liabilities in the US fuelled a powerful rise. The shares were off 3% at \$42.7.

The Dow's advance was underpinned by the bounce in financial services stocks, as well as a continuing rally in other interest rate-sensitive sectors. American Express rose 1%, or nearly 2 per cent, to \$61.4, while JP Morgan was up 2% at \$99. Union Carbide rose 1% to \$47.4, and Caterpillar advanced 1% to \$89.7.

TORONTO continued to improve, pushed higher by the early gains on Wall Street and bargain-hunting after last month's shake-out. The TSE-300 composite index, up 119 points in two days, was a further 30.58 higher at 5,829.40 at noon.

News that it had settled its brand licensing dispute with the US brewer, Adolph Coors, lifted Molson 90 cents to C\$23.50. Alcan Aluminium added 25 cents to C\$45.60. There were solid gains, too, among financials, where Royal Bank of Canada rose 15 cents to C\$32.30.

Barrick Gold and Placer Dome both improved in spite of a poor start to the gold results season in Johannesburg. Barrick gained 35 cents to C\$32.30 and Placer added 15 cents to C\$32.20.

## Mexico City ahead

MEXICO CITY continued to trade higher on a continuation of the bargain-hunting that had lifted the market for a third straight session on Wednesday. By mid-session, the IPC index was 5.69 higher at 3,840.27.

Televisa, the media group, lost 80 centavos at 103.20 pesos on news that the former chairman, Mr Emilio Azcarraga Milmo, who retired last month after decades at the head of the company, had died of cancer.

SAO PAULO was weak at mid-session, led down by a fall in Telebras, and the Bovespa index traded 92 lower at 9,474. Telebras lost R\$1.20 to R\$117.50 in spite of results for January and February, released late the previous day. The company, scheduled to be broken up and privatised, posted a R\$506m consolidated net profit during the period.

CARACAS edged higher, helped by Wednesday's fall in domestic interest rates. By midday, the IBC index was up 27.90 at 6,271.21.

JOHANNESBURG's all-share index moved lower after a good day for bonds and a steady performance by industrial shares took second place to a severe shake-out for gold.

At the close, the all-share index was off 0.8 at 6,976.0. Industrials gained 10.4 to 3,338.7, but golds extended their losing streak to five days after weaker bullion and poor results from the Gold Fields group.

A sharp fall in first-quarter profits left Gold Fields all square, but Dries came off 45 cents to R40.80 and Kloof lost 90 cents at R32. Bullion added to the pain, slipping close to the \$340 level.

In contrast, there was a clear rally for bonds where long yields moved back under 15 per cent for the first time in nearly five weeks. This underpinned industrials and a number of leaders made solid progress. South African Breweries gained 50 cents to R132.50.

## Gold shake-up hits S Africa

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## Politics, Peugeot weigh on Paris bourse

### EUROPE

Political worries plus a bad day for Peugeot left PARIS out in the cold. In contrast to the modest uptrend across most of Europe, the CAC 40 ended off 5.75 at 2,515.18.

Bonds took fright at widespread rumours of an imminent general election, but at Peugeot the downward pressure was more tangible, notably in a 40 per cent dividend cut and in management suggestions of even tougher trading in 1997.

The shares swooped at the outset, hitting FF802 at one stage before settling at FF761.1, down FF728 or 4.4 per cent. Group operating margins shrank dramatically in the second half of the year and brokers were quick to back-track on earnings estimates. Lehman Brothers set a target price of FF750 for the shares.

The Peugeot management expects French car sales to contract by up to 12 per cent this year and there was a negative knock-on effect across the sector. Renault fell FF2.60 to FF137.80 and Valeo, the components leader, shed FF7 to FF36.5.

Oils were a bright spot with Elf Aquitaine rising FF7 to FF762 on confirmation that it planned to buy back 15 per cent of its shares. Total improved FF3.60 to FF473.90.

Suez jumped FF4.00, or 2 per cent, to FF280 following the news of the break-through in anti-tobacco litigation from the US.

FRANKFURT took profits

### FTSE Actuaries Share Indices

		THE EUROPEAN SERIES									
		12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00
Apr 17		Open	High	Low	Close	Open	High	Low	Close	Open	High
FTSE Euro100		2191.43	2191.04	2191.44	2193.31	2194.74	2195.06	2194.26	2193.57	2194.26	2193.57
FTSE Euro200		2213.78	2213.57	2214.26	2214.58	2215.32	2215.64	2215.08	2214.53	2215.32	2214.53

		THE EUROPEAN SERIES									
		12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00
Apr 18		Open	High	Low	Close	Open	High	Low	Close	Open	High
FTSE Euro100		2193.74	2193.74	2192.03	2192.03	2193.74	2193.74	2192.03	2192.03	2193.74	2193.74
FTSE Euro200		2214.58	2214.58	2213.78	2213.78	2214.58	2214.58	2213.78	2213.78	2214.58	2214.58

in most of its recently ebullient automotive stocks, but the broad market reflected recent strength in the dollar and US equities and moved up ahead of today's DTB options and futures expiry.

The Dax index rose 14.26 to an all-time high of 3,361.80, as the Dax 100 auto sector index eased 7.31 to 1,684.88. BMW fell DM18 to DM140.7, Porsche preys by DM70 to DM51.50, the truckmaker MAN by DM5 to DM499 and the tyre maker Continental by 60 pps to DM38.15.

The serious contrast in the sector was between Daimler, which fell DM2.65, or 2 per cent, to DM132.35, and Volkswagen, which rose DM35, or 3.4 per cent, to DM1,076. Both had analysts' conferences on Wednesday, but VW, said Mr Jean-Marc Tappay at Merck Finck in Munich, had been the more impressive.

Perhaps more important, said Mr Tappay, VW had already come back on profit from a 1997 peak of DM1.04. The shares had had time to consolidate and might now be looking at a medium-term target of DM1,300 to DM1,500.

AMSTERDAM rallied

shares. In London, the ISE/Nikkei 50 index rose 1.85 to 1,450.56.

TAIPEI was hit by selling late in the session after the government announced plans to accelerate the sale of shares in the big three state-run commercial banks.

The news outweighed both Wall Street's overnight gains and the approval given to six Taiwan shipping groups to sail directly across the Taiwan Strait for the first time since 1949.

At the close, the weighted index was off 122.68, or 1.4 per cent, at 8,492.10 in heavy turnover of T\$149bn.

Financials fell steeply with Chang Hwa, First Bank and Hua Nan, the three state banks, tumbling T\$1, T\$4 and T\$2.50 respectively to T\$10.50, T\$110 and T\$101.

SEOUL bemoaned the financial problems of the Jinro Group as the conglomerate said it had asked for Won500bn in emergency loans, as well as news that structural defects had been found in bridges built for

SFr1,300 to SFr1,400. Mr Goomen's study added that the company's break-up value was at least 20-30 per cent higher than current market capitalisation.

MILAN was again sensitive to comment on the countdown to Emu and the Comit index was held to a rise of 1.82 at 775.67.

Olivetti continued to be punished for its capital restructuring plans. The shares fell L12.1 to L506 while Tim picked up L60 to L3,134 on switching. Among the banks, Ambrovaneto rose L260 to L4,359 on speculation that Cariplo, the savings bank group, might subscribe to a capital increase later in the year.

OSLO's total index closed just 0.75 higher at 1,071.38. Kvaerner A rose NK8 to NK9.45 as the shipbuilder and engineer said that it had sold two properties for NK443m. However, Nera, the telecoms group, dropped NK32, or 9 per cent, to NK323 after it talked of roughly maintained first-quarter profits, against outside forecasts of nearly twice that level.

HELSINKI's forestry sector gained 2.2 per cent, UPM-Kymmene rising FM3.20 to FM11.20 on acquisition speculation as the Hax index rose 20.20 to 2,877.38.

Hackman leapt FM9 to FM150 in a delayed response to Tuesday's news that its environmental technology unit, Hadwaco, had sealed a marketing partnership agreement with US Filter, the California based

### EUROPEAN EQUITIES TURNOVER

Monthly total in local currencies (bn)

		Dec 1996	Jan 1997	Feb 1997	Mar 1997	US \$bn
Belgium		118.61	166.37	151.79	153.54	4.45
Denmark		34.31	66.21	62.80	47.33	7.44
Finland		20.76	32.54	31.11	21.81	4.38
France		282.73	356.90	368.93	377.64	67.14
Germany		199.55	260.32	243.45	339.59	203.83
Italy		47.40	131.692	63.556	74.540	44.57
Netherlands		55.10	84.80	88.10	91.40	43.42
Norway		38.72	61.40	66.80	43.06	6.53
Spain		2,300.88	3,300.98	3,303.78	2,778.54	15.81
Sweden		183.45	220.20	206.54	179.82	23.87
Switzerland		36.75	56.25	57.27	54.08	37.57
UK		66.75	77.72	82.53	78.25	126.51

Volumes represent purchases and sales. Net net adjusted to include off-market trading. Some figures may be revised. Source: NatWest Securities

Expectations of good results from the chemicals and motor industries and the speculation about takeover activity in the steel sector made for lively trading in German equities in March. Domestic turnover here made the largest gain among leading European markets, jumping 38.7 per cent to record levels. However, says Mr James Cornish at NatWest Securities, who compiles the figures, German turnover on Seaq International, the London screen-based trading system, was up rather less at 36.2 per cent, suggesting that domestic investors were more enthusiastic than their international counterparts.

A similar picture emerged in France where domestic turnover rose 2.4 per cent to another record high while, by contrast, Seaq trade fell by 15.5 per cent. Nordic markets posted the sharpest monthly falls with losses of 30.3 per cent in Finland, 24.3 per cent in Norway and 13.8 per cent in Sweden, as domestic investors wound down to the early Easter break. These markets are traditionally busier in January as domestic investors put money into savings schemes and during the February reporting season.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

## Bank share contrasts in Bangkok and Bombay

### ASIA PACIFIC

Heavy selling of Bangkok Bank of Commerce left the deep cloud over BANGKOK, depressing the heavily weighted financials and sending the SET index down by more than 2 per cent.

The index fell through 700 at one stage, dipping down to a session low of 665.57, before ending 15.13 lower at 701.76. Turnover was relatively modest at Bt2.96bn.

Bangkok Bank of Commerce, which last week revised its 1996 net loss upwards to almost \$1bn, resumed trading after an 11-month suspension. It was the day's most active issue and the shares ended Bt12.30 lower at Bt3.70.

BOMBAY bought bank stocks in response to the central bank's market-friendly credit policy and the BSE 30 share index rose 49.08, or 1.35 per cent, to 3,696.52 ahead of today's key United Front meeting to decide on a new leader.

Gains were led by State Bank of India, up Rs9.50, or 3.3 per cent, at Rs286, and by the petrochemicals giant, Reliance Industries, Rs12, or 4.5 per cent, higher at Rs280 on speculation ahead of next week's 1996-97 results.

TOKYO advanced for a third consecutive day, although robust gains by the financial sector were dampened by heavy selling of blue-chip exporters on the dollar's decline against the yen, writes Owen Robinson.

The Nikkei 225 average rose 62.21 to 18,093.41 after moving between 17,970.10 and 18,100.31. Buying interest focused on laggard sectors including financials and construction stocks. However, much of the buying

was by dealers, indicating that the upturn was likely to be temporary until there was substantial economic news to lift the market.

Volume eased from 504m shares to an estimated 435m. Advances led declines by 851 to 262 with 127 unchanged. The Topix index of all first-section stocks rose 9.61 to 1,366.11 and the capital-weighted Nikkei 300 was up 1.56 at 2,860.01.

Securities houses were the biggest gainers, rising nearly 3.5 per cent as a group. Nomura Securities continued its advance, gaining Y70 to Y1,260 following a protracted slide on continued investigations of its illegal trading activities. Yamaichi Securities added Y17 to Y349, Daiwa Securities Y46 to Y775 and Nikko Securities Y18 to Y636.

In banks, Industrial Bank of Japan rose Y60 to Y1,220 and Sumitomo Bank Y40 to Y1,360. Nippon Credit Bank, however, fell Y11 to Y241 following reports that financial authorities were inspecting the bank's records.

Retailers advanced in spite of concerns that the increase in sales tax would erode their sales. Dole, a supermarket chain operator, gained Y40 to Y280. Ito-Yokado climbed Y200 to a year's high of Y6,150 on a bullish earnings forecast for 1997/98.

Among blue chip exporters, Sony dropped Y90 to Y8,810, NEC Y30 to Y1,480 and Canon Y80 to Y2,750. Carmakers also retreated, Honda shedding Y50 to Y3,680 and Toyota Y30 to Y3,340.

In Osaka, the OSE average added 110.05 to 18,006.52 and volume eased to 34.5m

shares. In London, the ISE/Nikkei 50 index rose 1.85 to 1,450.56.

TAIPEI was hit by selling late in the session after the government announced plans to accelerate the sale of shares in the big three state-run commercial banks.

The news outweighed both Wall Street's overnight gains and the approval given to six Taiwan shipping groups to sail directly across the Taiwan Strait for the first time since 1949.

At the close, the weighted index was off 122.68, or 1.4 per cent, at 8,492.10 in heavy turnover of T\$149bn.

Financials fell steeply with Chang Hwa, First Bank and Hua Nan, the three state banks, tumbling T\$1, T\$4 and T\$2.50 respectively to T\$10.50, T\$110 and T\$101.

SEOUL bemoaned the financial problems of the Jinro Group as the conglomerate said it had asked for Won500bn in emergency loans, as well as news that structural defects had been found in bridges built for

South Korea's high-speed railway. Jinro's flagship liquor making unit went limit down, falling Won900 to Won5,600, the construction sector dropped 3 per cent and the composite index closed 7.68 lower at 694.76.

KUALA LUMPUR rebounded after a week of sharp falls on the central bank's curbs on property and share financing late last month, the KLCSE composite index coming in 16.90, or 1.5 per cent, higher at 1,104.58.

SHANGHAI's speculation, subdued until recently by the strictures of the Beijing government, decided to push their luck. Domestic investors were seen as the biggest buyers as the B share index, designed for foreigners, leapt 5,322, or 76.2 per cent, to 82,392, up 12.4 per cent this week, with turnover soaring from \$15.1m to \$33.1m.

SHENZHEN's followed suit with a gain of 13.77, or 5.6 per cent, at 174.56 as turnover trebled to HK\$268.1m.

### FTSE & PACTUARIES WORLD INDICES

The FTSE & PACTUARIES World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS												--- DOLLAR INDEX ---								
Figures in parentheses show number of lines of stock												Yen	Yen							
US Dollar	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Local	Yen Index	DM Index	Currency % High	Low	52 week	52 week	Low	High	(approx)		
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